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& LOUISIANA

14758-Q
RECORDATION NO. 14758
FILED 1425

JACKSON & CAMPBELL, P.C.

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MAR 7 1990 -12 05 PM

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MAR 7 1990 -12 05 PM

INTERSTATE COMMERCE COMMISSION

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INTERSTATE COMMERCE COMMISSION

March 7, 1990

RECORDATION NO. 14758-0-866A041
FILED 1425

RECORDATION NO. 14758-4m
FILED 1425

MAR 7 1990 -12 05 PM

INTERSTATE COMMERCE COMMISSION

HAND-DELIVERED

MAR 7 1990 -12 05 PM

INTERSTATE COMMERCE COMMISSION

Ms. Noreta R. McGee
Office of the Secretary
Recordation Office
Interstate Commerce Commission
12th Street & Constitution Avenue, N.W.
Washington, D.C. 20423

RECORDATION NO. 14758-14
FILED 1425

MAR 7 1990 -12 05 PM

INTERSTATE COMMERCE COMMISSION

Re: TEMCO Leasing Company; TEMCO Corporation; NBD Highland
Park Bank, N.A.; Continental Bank N.A.; Recordation
Nos. 14758-L, 14758-M, 14758-N, 14758-O, 14758-P,
and 14758-Q

Dear Ms. McGee:

In accordance with the provisions of Section 11303 of the
Revised Interstate Commerce Act, 49 U.S.C. § 11303, and Part 1177
of Title 49 of the Code of Federal Regulations, we request, as
special counsel for Continental Bank N.A., that the enclosed doc-
uments be recorded and filed with the Interstate Commerce Com-
mission as noted above.

You will find enclosed herewith the original and two (2)
copies of the following documents to be recorded and filed:

Carolyn C. Becker

C. Carolyn Becker

JACKSON & CAMPBELL, P.C.

Ms. Noreta R. McGee
March 7, 1990
Page 2

1. Release, dated as of January 31, 1990, by and between TEMCO LEASING COMPANY and NBD HIGHLAND PARK BANK, N.A. This document should be assigned Recordation No. 14758-L;
2. Release, dated as of January 31, 1990, by and between TEMCO LEASING COMPANY and CONTINENTAL BANK N.A., F/K/A CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO. This document should be assigned Recordation No. 14758-M;
3. Release, dated as of January 31, 1990, by and among TEMCO LEASING COMPANY and NBD HIGHLAND PARK BANK N.A., individually and as Agent, and CONTINENTAL BANK N.A., F/K/A CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, individually and as Security Agent. This document should be assigned Recordation No. 14758-N;
4. Loan and Security Agreement, dated as January 31, 1990, by and between TEMCO CORPORATION and CONTINENTAL BANK N.A. This document should be assigned Recordation No. 14758-O;
5. Security Agreement, dated as of January 31, 1990, by and between CONTINENTAL BANK N.A. and TEMCO CORPORATION. This document should be assigned Recordation No. 14758-P; and
6. Bill of Sale, dated as of January 31, 1990, from TEMCO LEASING COMPANY to TEMCO CORPORATION. This document should be assigned Recordation No. 14758-Q.

Document No. 1 (14758-L):

The Release, dated as of January 31, 1990, by and between TEMCO Leasing Company and NBD Highland Park Bank, N.A., is intended, inter alia, to effectuate a release and termination of this Bank's security interest in certain equipment described with more specificity in that certain Loan and Security Agreement, dated as of October 11, 1988, recorded with the ICC and assigned Recordation No. 14758-J. The parties executing this document are:

JACKSON & CAMPBELL, P.C.

Ms. Noreta R. McGee
March 7, 1990
Page 3

TEMCO Leasing Company
100 East Scranton Avenue
Lake Bluff, Illinois 60044
Attention: Mr. Bruce H. Borland

and

NBD Highland Park Bank, N.A.
513 Central Avenue
Highland Park, Illinois 60035
Attention: Mr. Robert C. Lee

Document No. 2 (14758-M):

This Release, dated as of January 31, 1990, between TEMCO Leasing Company and Continental Bank N.A., F/K/A Continental Illinois National Bank and Trust Company of Chicago, is intended, inter alia, to effectuate a release and termination of that certain security interest granted by TEMCO to the Bank under that certain Security Agreement, dated as of March 22, 1988, and recorded with the ICC and assigned Recordation No. 14758-H.

The parties executing this document are:

TEMCO Leasing Company
100 East Scranton Avenue
Lake Bluff, Illinois 60044
Attention: Mr. Bruce H. Borland

and

Continental Bank, N.A., F/K/A
Continental Illinois National Bank
and Trust Company of Chicago
231 South LaSalle Street
Business Banking Unit
Chicago, Illinois 60697
Attention: Mr. Donald B. Baer

JACKSON & CAMPBELL, P.C.

Ms. Noreta R. McGee

March 7, 1990

Page 4

Document No. 3 (14758-N):

This Release, dated as of January 31, 1990, by and among TEMCO Leasing Company, NBD Highland Park Bank, N.A., individually and as Agent, and Continental Bank N.A., F/K/A Continental Illinois National Bank and Trust Company of Chicago, individually and as Security Agent, is intended, inter alia, to effectuate a termination and release of that certain Loan and Security Agreement, dated as of March 22, 1988, filed with the ICC and assigned Recordation No. 14758-F.

The parties executing this document are:

TEMCO Leasing Company
100 East Scranton Avenue
Lake Bluff, Illinois 60044
Attention: Mr. Bruce H. Borland

NBD Highland Park Bank, N.A.
513 Central Avenue
Highland Park, Illinois 60035
Attention: Mr. Robert C. Lee

and

Continental Bank, N.A., F/K/A
Continental Illinois National Bank
and Trust Company of Chicago,
231 South LaSalle Street
Business Banking Unit
Chicago, Illinois 60697
Attention: Mr. Donald B. Baer

Document No. 4 (14758-O):

This Loan and Security Agreement, dated as of January 31, 1990, by and between TEMCO Corporation and Continental Bank N.A., is intended, inter alia, to effectuate the granting by TEMCO Corporation to Continental Bank, N.A. of a lien on and a security interest in One Hundred Eighty-Nine (189) railroad tank cars more specifically identified and described in Schedule I thereto.

JACKSON & CAMPBELL, P.C.

Ms. Noreta R. McGee

March 7, 1990

Page 5

The parties executing this document are:

TEMCO Corporation
100 East Scranton Avenue
Lake Bluff, Illinois 60044
Attention: Mr. Bruce H. Borland

and

Continental Bank, N.A.
231 South LaSalle Street
Banking Business Unit
Chicago, Illinois 60697
Attention: Mr. Richard Beutel

Document No. 5 (14758-P):

This Security Agreement, dated as of January 31, 1990, by and between Continental Bank N.A. and TEMCO Corporation, is intended, inter alia, to effectuate the granting by TEMCO Corporation of a lien on and security interest in certain equipment, contract rights and other general intangibles, more specifically identified and described therein, in favor of Continental Bank N.A., in connection with that certain Line of Credit Agreement, dated as of January 31, 1990.

The parties executing this document are:

TEMCO Corporation
100 East Scranton Avenue
Lake Bluff, Illinois 60044
Attention: Mr. Bruce H. Borland

and

Continental Bank, N.A.
231 South LaSalle Street
Business Banking Unit
Chicago, Illinois 60697
Attention: Mr. Richard Beutel

147580
RECORDATION NO. FILED MAR

LOAN AND SECURITY AGREEMENT MAR 7 1990 -12 05 PM

INTERSTATE COMMERCE COMMISSION

between

TEMCO CORPORATION,

and

CONTINENTAL BANK N.A.

Dated as of January 31, 1990

Filed and Recorded with the Interstate Commerce Commission
pursuant to Section 11303, Title 49, United States Code
on _____, 19__ at _____ Recordation
No. _____

SCHEDULE I	Description of Tank Cars
SCHEDULE II	Description of Leases
SCHEDULE III	Description of Tank Cars not in Good and Serviceable Condition
EXHIBIT A-1	Form of Note
EXHIBIT A-2	Prepayment Fee Formulation
EXHIBIT B	Form of Guaranty
EXHIBIT C	Form of Legal Opinion of Counsel for the Company
EXHIBIT D	Form of Legal Opinion of Special Counsel to Lender
EXHIBIT E	Material Litigation
EXHIBIT F	Unsigned Leases
EXHIBIT G	Bill of Sale From Temco Leasing

LOAN AND SECURITY AGREEMENT

LOAN AND SECURITY AGREEMENT, dated as of January 31, 1990, between TEMCO CORPORATION, an Illinois corporation (the "Company"), and CONTINENTAL BANK N.A. (the "Lender").

W I T N E S S E T H:

WHEREAS, the Company is engaged in, among other things, the business of purchasing and owning railroad tank cars for lease to others;

WHEREAS, the Company desires to obtain loans from the Lender in order to retire Temco Leasing Company's outstanding indebtedness to NBD Highland Park Bank N.A. and Continental Illinois National Bank and Trust Company of Chicago, now known as Continental Bank N.A., pursuant to a Loan and Security Agreement between the Company and NBD Highland Park Bank N.A. and Continental Illinois National Bank and Trust Company of Chicago dated March 22, 1988 and the ONE MILLION FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$1,500,000) loan made to Temco Leasing Company therewith, which Lien shall be released by NBD Highland Park Bank N.A. and Continental Bank N.A. upon payment by Company of the remaining outstanding loan balance; as well as other indebtedness and otherwise provide working capital;

WHEREAS, the Company desires to establish a line of credit with the Bank as hereinafter provided for purposes of providing financing for the purchase of railroad tank cars for lease and for the maintenance and upgrading of its railroad tank cars held for lease;

WHEREAS, the Company owns 189 railroad tank cars, such cars being leased on the date hereof under bona fide leases as listed in Schedule II attached hereto;

WHEREAS, the Company will evidence its borrowing hereunder by the issuance of its promissory note which, together with the Company's obligations and liabilities under this Agreement and the Line of Credit, will be secured by, inter alia, a lien on and security interest in such tank cars and the rights of the Company under the Leases; and

WHEREAS, the Lender is agreeable to making the loans on the terms and conditions set forth in this Agreement and the Line of Credit;

NOW, THEREFORE, in consideration of the premises and of the mutual agreements contained herein, the parties hereto agree as follows:

SECTION 1. DEFINITIONS

1.1 Defined Terms. As used in this Agreement the following terms shall have the following meanings:

"Agreement" shall mean this Loan and Security Agreement, including all Schedules and all Exhibits hereto, as the same may from time to time be amended, supplemented or otherwise modified.

"Borrowing Base" shall mean 70% of the appraised liquidation value of all of the Tank Cars subject to Lender's perfected security interest pursuant to the terms hereof; provided, however, so long as the Line of Credit shall remain in effect the term Borrowing Base shall have the same meaning herein as in the Line of Credit.

"Business Day" shall mean any day other than a Saturday, a Sunday or a legal banking holiday under the laws of the State of Illinois.

"Cash Collateral Account" shall have the meaning set forth in Subsection 6.2(b) hereof.

"Casualty Occurrence" shall mean any of the following events or conditions with respect to any Unit:

(i) such Unit shall become lost for a period of at least 30 consecutive days, or shall become stolen, destroyed or damaged beyond economic repair from any cause whatsoever; or

(ii) the confiscation, condemnation, seizure or forfeiture of, or other requisition of title to, or use of, such Unit by any governmental authority or any Person acting under color of governmental authority.

"Casualty Value" with respect to any Unit shall mean the amount obtained by multiplying the aggregate unpaid principal amount of the Note at the time Casualty Value is being determined by a fraction, the numerator of which is the Tank Car Cost of such Unit and the denominator of which is the aggregate Tank Car Cost of all Tank Cars which are then subject to the Lien and security interest of this Agreement.

"Casualty Value Determination Date" shall have the meaning set forth in Subsection 7.16 (a) hereof.

"Collateral" shall mean the Tank Cars, the Leases, the moneys at any time in the Cash Collateral Account and all other property, interests and rights described or referred

to in Subsections 6.1, 6.2 or 6.3 hereof or otherwise subjected to the Lien and security interest created by this Agreement or intended so to be.

"Consolidated Recourse Funded Debt" shall mean, at any time, all of the liabilities, other than non-recourse obligations, whether now or hereafter existing or incurred, of the Company and its Subsidiaries, on a consolidated basis, including, without limitation, the obligations arising under this Agreement and the Note, for borrowed money.

"Consolidated Tangible Net Worth" shall mean, at any time, the total of shareholders' equity (including capital stock, additional paid-in capital and retained earnings after deducting treasury stock) of the Company and its consolidated Subsidiaries calculated in accordance with GAAP, less the sum of the total amount of any intangible assets. Intangible assets shall include, without limitation, unamortized debt discount and expense, unamortized deferred charges and goodwill.

"Damaged Unit" shall mean any Unit which has suffered a Casualty Occurrence.

"Default" shall mean any of the events specified in Section 9 hereof, whether or not there has been satisfied any requirement in connection with such event for the giving of notice or the lapse of time, or both.

"Event of Default" shall mean any of the events specified in Section 9 hereof, provided that there has been satisfied any requirement in connection with such event for the giving of notice, or the lapse of time, or both.

"Guarantor" shall mean Bruce H. Borland.

"Guaranty" shall mean the Guaranty of the Guarantor in favor of the Lender, substantially in the form of Exhibit B attached hereto.

"Installment Payment Date" shall mean each date on which an installment of principal or interest is due and payable under the Note.

"Leases" shall mean and include the leases identified in Schedule II and any other leases which may hereafter be placed on the Tank Cars during the term of this Agreement.

"Lessees" shall mean and include all lessees under the Leases.

"Lien" shall mean any mortgage, pledge, hypothecation, assignment, security interest, Lien, charge or encumbrance, priority or other security agreement or arrangement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement, any lease having substantially the same economic effect as a conditional sale or other title retention agreement, the filing of, or agreement to give, any financing statement under the Uniform Commercial Code or comparable law of any jurisdiction) and the filing of this Agreement and any other documents with the Interstate Commerce Commission.

"Line of Credit" shall mean that certain Line of Credit Agreement between the Lender and Company of even date herewith as extended and renewed from time to time.

"Loan" shall mean the loan made by the Lender under this Agreement.

"Loan Documents" shall mean the original counterparts of this Agreement, the Note, the Guaranty, the Certificates of Acceptance, the Opinions and any other documents executed by or on behalf of the Company or the Lessees in connection with the Loan and Line of Credit.

"Non-Removable Improvement" shall mean any addition or improvement incorporated in or installed on or attached to any Tank Car which is not readily removable without causing material damage to such Tank Car or without diminishing or impairing the utility or condition which such Tank car would have had at the time of removal had such addition or improvement not been made.

"Note" shall mean the negotiable promissory note of the Company described in Subsection 2.3 hereof.

"Obligations" shall have the meaning set forth in Section 6 hereof.

"Opinions" shall mean the opinion of Hinshaw, Culbertson, Moelmann, Hoban and Fuller, counsel to the Company, in the form attached hereto as Exhibit C and the opinion of Jackson & Campell, P.C., in the form attached hereto as Exhibit D hereto.

"Permitted Liens" shall mean, with respect to any Unit, (i) the rights of the Lessee under the Lease of such Unit, (ii) Liens for taxes which are not yet due or the payment of which is not at the time required to be made in accordance with the provisions of Subsection 7.4 hereof, and (iii) materialmen's, mechanics, repairmen's and other like Liens

arising in the ordinary course of business securing obligations which are not more than 30 days overdue or the payment of which is not at the time required to be made in accordance with the provisions of Subsection 7.4 hereof.

"Person" shall mean an individual, partnership, corporation, joint venture, trust, unincorporated organization, or government or any agency or political subdivision thereof.

"Proceeds" shall have the meaning assigned to it under the Uniform Commercial Code of the State of Illinois and, in any event, shall include, but not be limited to (i) any and all proceeds of any insurance, indemnity, warranty or guaranty payable to the Company from time to time with respect to any of the Collateral, (ii) any and all payments (in any form whatsoever) made or due and payable to the Company from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of any of the Collateral by any governmental authority (or any Person acting under color of governmental authority), and (iii) any and all other amounts from time to time paid or payable under or in connection with any of the Collateral, including, without limitation, amounts due or to become due under any of the Leases.

"Reference Rate" means, at any time, the rate of interest then most recently announced by the Lender at Chicago, Illinois as its reference rate. Each change in the interest rate on any Loan shall take effect on the effective date of the change in the Reference Rate.

"Replacement Unit" shall have the meaning set forth in Subsection 7.16(c) hereof.

"Subsidiary" shall mean, when used with respect to any Person, any corporation more than 50% of the issued and outstanding shares of Voting Stock of which at the time is owned or controlled, directly or indirectly, by such Person or by one or more other Subsidiaries of such Person.

"Tank Cars" shall mean at any time the railroad tank cars which are described in Schedule I hereto, together with (i) any and all other Tank Cars which are subjected to the Lien and security interest of this Agreement or intended so to be including any Replacement Units, (ii) any and all parts, mechanisms, devices and replacements referred to in Subsection 7.17 hereof from time to time incorporated in or installed on or attached to any of such tank cars pursuant to requirement of law or governmental regulation and (iii) any and all Non-Removable Improvements.

"Tank Car Cost" shall mean, for each Unit (other than a Replacement Unit), \$1,800,000.00 divided by the number of Tank Cars listed in Schedule I. The "Tank Car Cost" of a Replacement Unit shall be the Tank Car Cost of the Unit which it replaced.

"Temco Leasing" shall mean Temco Leasing Company, an Illinois corporation.

"Unit" shall mean one of the Tank Cars.

"Voting Stock" of a corporation shall mean stock having ordinary voting power for the election of a majority of the board of directors, managers or trustees of such corporation, other than stock having such power only by reason of the happening of a contingency.

"Wholly-Owned Subsidiary" shall mean, when used with respect to any person, any Subsidiary, all the issued and outstanding shares (except for directors' qualifying shares, if required by law) of Voting Stock of which at the time are owned by such Person or by on or more Wholly-Owned Subsidiaries of such Person.

1.2 Use of Defined Terms. All terms defined in this Agreement shall have their defined meanings when used in this Agreement, the Note, or in any certificates, reports or other documents made or delivered pursuant hereto.

1.3 Other Definitional Provision. (a) The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this agreement.

(b) Terms defined in the singular shall have a comparable meaning when used in the plural and vice versa.

SECTION 2. AMOUNT AND TERMS OF LOAN

2.1 Commitment of the Bank. Subject to the terms and conditions of this Agreement and in reliance upon the warranties of the Company herein set forth, the Bank agrees to make a loan (the "Loan") on or before January 31, 1990 in the amount of ONE MILLION EIGHT HUNDRED THOUSAND DOLLARS (\$1,800,000).

2.2 Use of Proceeds. The Company will use the proceeds of the Loan to retire all of the Company's currently outstanding indebtedness to NBD Highland Park Bank N.A. and Continental Illinois National Bank and Trust Company of Chicago, now known as Continental Bank N.A., or either of them, as well as other indebtedness and otherwise provide working capital.

2.3 The Note. The Loan shall be evidenced by a secured promissory note of the Company substantially in the form of Exhibit A-1 hereto with appropriate insertions therein. The Note shall (a) be dated as of January 31, 1990, (b) be in the amount of ONE MILLION EIGHT HUNDRED THOUSAND DOLLARS (\$1,800,000), (c) bear simple interest on the unpaid principal amount thereof from the date thereof at a rate equal to eleven percent (11%) per annum (calculated on the basis of a 360-day year of twelve 30-day months), and (d) be payable in 59 equal consecutive monthly installments of principal and interest on the first day of each calendar month, commencing on the first day of the second calendar month after the date of the Note. Each installment shall be in the amount of \$30,820 and shall include both principal and interest. If not sooner paid the entire unpaid balance of the Loan plus accrued unpaid interest shall be paid on the first day of February, 1995. Installments received with respect to the Note shall be applied first to the payment of interest then due and then to the payment of principal. All payments on the Note shall be made without set-off or counterclaim and shall be made in immediately available funds by the Company to the Lender. All such payments shall be made to the Lender prior to 12:30 p.m. Chicago time, at its offices at 231 South LaSalle Street, Chicago, Illinois 60697, or at such place as may be designated by the Lender to the Company in writing. Any payment received after 12:30 p.m., Chicago time, shall be deemed received on the next Business Day.

2.4 Voluntary Prepayment of Note With Prepayment Fee. On any one Installment Payment Date the Company may, upon notice as provided in Subsection 2.6 hereof, prepay the then outstanding principal amount of the Note in whole or in part, provided that simultaneously with such prepayment the Company pays to the Lender accrued interest on the outstanding principal amount of the Note to the date of such prepayment and a prepayment fee as defined and computed in Exhibit A-2 hereto.

2.5 Prepayment for Casualty Occurrence or Transfer. In the event that any Occurrence under Subsection 7.16 hereof, the Company will prepay the Note in accordance with the provisions of said Subsection 7.16. In the event that the Company desires to transfer any Unit by sale, gift, assignment or otherwise to any other entity, whether related or not, other than by lease in the normal course of business, the Company shall first obtain the written approval of the Lender and shall pay to Lender, a prepayment fee as defined and computed in Exhibit A-2 hereto. Any request for approval shall be in writing and shall specify the Unit(s) to be sold, the Price of each such Unit, and the proposed date of transfer. The Lender agrees that, upon a transfer in accordance with this Subsection 2.5, it will release its security interests in the Units so transferred, without recourse to or warranty by the Lender.

2.6 Notice of Prepayment. The Company shall give written notice to the Lender of any prepayment of the Note not less than 10 days nor more than 30 days before the date fixed for such prepayment (which shall be an Installment Payment date if the prepayment is to be made pursuant to Subsection 2.4 hereof), (b) the Subsection hereof under which such prepayment is to be made, (c) the principal amount of the Note to be prepaid, and (d) accrued interest applicable to such prepayment. Such notice of prepayment shall also certify all facts which are conditions precedent to such prepayment, including, if such prepayment is to be made pursuant to Subsection 2.5 hereof, the calculations used in determining the unpaid principal amount of the Note to be prepaid. Upon the giving of such notice, the unpaid principal amount of the Notes to be prepaid and accrued interest thereon, shall become due and payable on the date fixed for such prepayment.

2.7 Application of Prepayments. In the event any partial prepayment of the Note is made pursuant to Subsection 2.4 or 2.5 hereof, such prepayment shall be applied to the installments of the Note in the inverse order of their maturities.

2.8 Release of Collateral. Upon any prepayment of the Note pursuant to Subsection 2.4 hereof, the Lender will promptly execute and deliver to the Company such instruments as shall be necessary to release from the Lien and security interest of this Agreement, without recourse to, or representation or warranty by the Lender, that number of Units which is equal to the number (disregarding any fraction) obtained by multiplying the total number of Tank Cars which are then subject to the Lien and security interest of this Agreement by a fraction, the numerator of which is the principal amount of the Note so prepaid and the denominator of which is the aggregate outstanding principal amount of the Note. The Company shall have the right to designate the Units to be released, subject to the approval of the Lender. Corresponding Leases shall also be released. Releases due to prepayments under Subsection 2.5 shall be effected as set forth in such subsection.

3. CLOSING FEE. The Company shall on the date hereof pay to the Lender a closing fee of \$9,000.00.

SECTION 4. REPRESENTATIONS AND WARRANTIES

In order to induce the Lender to enter into this Agreement and to make the Loan, the Company represents and warrants to the Lender that:

4.1 Corporate Existence and Business. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois. Neither the

conduct of its business nor the ownership or lease of its properties requires the Company to qualify to do business as a foreign corporation under the laws of any jurisdiction. The Company has only one Subsidiary, Temco Leasing. The Company presently is engaged solely in the business of purchasing, selling, leasing and managing railroad cars.

4.2 Power and Authorization; Enforceability; Consents. The Company has full power, authority and legal right to own its properties and to conduct its business as now conducted and presently proposed to be conducted by it and to execute, deliver and perform this Agreement, the Loan Documents and the Leases and to borrow under this Agreement and the Note on the terms and conditions hereof and thereof, to grant the Lien and security interest provided for in this Agreement and to take such action as may be necessary to complete the transactions contemplated by this Agreement, the Loan Documents and the Leases, and the Company has taken all necessary corporate action to authorize the borrowing on the terms and conditions of this Agreement and the grant of the Lien and security interest provided for in this Agreement and to authorize the execution, delivery and performance of this Agreement, the Note and the Leases. This Agreement has been duly authorized, executed and delivered by the Company and constitutes, and the Note has been duly authorized by the Company and when executed and delivered by the Company will constitute, legal, valid and binding obligations of the Company enforceable in accordance with their terms. No consent of any other party (including stockholders of the Company) and no consent, license, permit, approval or authorization or, exemption by, or registration or declaration with any governmental authority is required in connection with the execution, delivery, performance, validity or enforceability of this Agreement and the Note except for the filing of this Agreement with the Interstate Commerce Commission and the filing of the applicable U.C.C. financing statements with respect to the Lender's security interest in the Leases, spare parts and improvements in the offices of the Secretary of State of Illinois.

4.3 No Legal Bar. The execution, delivery and performance by the Company of this Agreement, the Note, the Loan Documents and the Leases will not violate any provision of any existing law or regulation to which the Company is subject or of any order, judgment, award or decree of any court, arbitrator or governmental authority applicable to the Company or of the Articles of Incorporation, By-Laws or any preferred stock provision of the Company or of any mortgage, indenture, contract or other agreement to which the Company is a party or which is or purports to be binding upon the Company or any of its properties or assets, and will not constitute a default thereunder, and (except as contemplated by this Agreement) will

not result in the creation or imposition of any Lien on any of the properties or assets of the Company. The Company is not in default in the performance or observance of any of the obligations, covenants or conditions contained in any bond, debenture or note, or in any mortgage, deed of trust, indenture or loan agreement, of the Company.

4.4 No Material Litigation. Other than as set forth in Exhibit E hereto, there are no actions, suits or proceedings (whether or not purportedly on behalf of the Company) pending or, to the knowledge of the Company, threatened against the Company or any of its properties or assets in any court or before any arbitrator of any kind or before or by an governmental body, which (i) relate to any of the Collateral or to any of the transactions contemplated by this Agreement, or (ii) would, if adversely determined, materially impair the right or ability of the Company to carry on its business substantially as now conducted and presently proposed to be conducted, or (iii) would, if adversely determined, have a material adverse effect on the operating results or on the condition, financial or other of the Company. The Company is not in default with respect to any order, judgment, award, decree, rule or regulation of any court, arbitrator or governmental body.

4.5 No Default. No Default or Event of Default has occurred and is continuing under this Agreement.

4.6 Financial Condition. The unaudited consolidated financial statements of the Company and Temco Leasing as of September 30, 1989 and for the nine months then ended, certified by the president or the chairman of the Company, copies of which have heretofore been delivered to the Lender, are complete and correct, have been prepared in accordance with generally accepted accounting principles consistently applied throughout the period involved and present fairly the consolidated financial position of the Company on September 30, 1989, and the results of their operations for the nine months then ended. There has been no material adverse change in the condition, financial or otherwise, of the Company since September 30, 1989.

4.7 Payment of Taxes. The Company has filed all federal, state and local tax returns and declarations of estimated tax which are required to be filed and has paid all taxes which have become due pursuant to such returns and declarations or pursuant to any assessments made against it, and the Company has no knowledge of any deficiency or additional assessment in connection therewith not adequately provided for on the books of the Company. In the opinion of the Company, all tax liabilities of the Company were adequately provided for as of _____, 19____, and are now so provided for, on the books of the Company.

4.8 Force Majeure. Since December 30, 1989, the business, operations, properties and assets of the Company have not been materially and adversely affected in any way as the result of any fire, explosion, earthquake, disaster, accident, labor disturbance, requisition or taking of property by governmental authority, flood, drought, embargo, riot, civil disturbance, uprising, activity of armed forces, or act of God or a public enemy.

4.9 Burdensome Provisions. The Company is not a party to any agreement or instrument, or subject to any charter or other corporate restriction or to any judgment, order, writ, injunction, decree, award, rule or regulation which does or will materially and adversely affect the business, operations, properties or assets or the condition, financial or other, of the Company.

4.10 Leases. (a) Except as set forth in Exhibit F, each Lease has been duly authorized, executed and delivered by the parties thereunder and constitutes a valid and binding obligation of the Company and any other party thereunder, enforceable in accordance with its terms. No consent of any other party (including stockholders of the Company and each Lessee) and no consent, license, permit, approval or authorization of, exemption by, or registration or declaration with, any governmental authority is required to be obtained, effected or given in connection with the execution, delivery and performance of each Lease by each party thereto except for the filing of the Leases or a Schedule to this Agreement covering the Leases with the Interstate Commerce Commission.

(b) Neither the Company nor (to the best of the Company's knowledge) the Lessee under any Lease is in default in the performance or observance of any covenant, term or condition contained in such Lease, and no event has occurred and no condition exists which constitutes, or which with the lapse of time or the giving of notice or both would constitute, a default under any Lease. The Company has fully performed all of its obligations under each Lease, and the right, title and interest of the Company, in to and under each Lease is not subject of any defense, offset, counterclaim or claim nor have any of the foregoing been asserted or alleged against the Company as to any Lease.

4.11 Title to Tank Cars; Specifications. As of the time of the making of the Loans by the Lender under this Agreement, (i) the Company shall have good and valid title to, and be the lawful owner of each Unit described in Schedule I hereto, free and clear of all Liens whatsoever except the following: (a) the Liens in favor of the NBD Highland Park Bank N.A. and Continental Illinois National Bank and Trust Company of Chicago,

now known as Continental Bank N.A., pursuant to a Loan and Security Agreement between the Company and NBD Highland Park Bank N.A. and Continental Illinois National Bank and Trust Company of Chicago dated March 22, 1988 and the ONE MILLION FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$1,500,000) loans made to the Company therewith, which Liens shall be released by NBD Highland Park Bank N.A. and Continental Bank N.A. upon payment by Company of the remaining outstanding loan balance; and (b) the Lien and security interest created by this Agreement, (ii) each Unit shall conform to all Department of Transportation and Interstate Commerce Commission requirements and specifications and to all standards recommended by the Association of American Railroads, in each case applicable to railroad equipment of the same type as such Unit, and (iii) each such Unit shall be in good and serviceable condition except as indicated in Schedule III attached hereto.

4.12 First Lien. Upon the filing of this Agreement and the Leases or a schedule of the Leases in the manner prescribed in Section 11303, Title 49, United States Code and in the related regulations of the Interstate Commerce Commission, the filing of the applicable U.C.C. financing statements with respect to the Lender's security interest in Leases, spare parts and improvements in the office of the Secretary of State of Illinois, and the January 31, 1990 prepayment in full of the remaining balance due by Company (a) to NBD Highland Park Bank N.A. and Continental Illinois National Bank and Trust Company of Chicago, now known as Continental Bank N.A., under the notes dated March 23, 1988, (b) obligations in favor of the NBD Highland Park N.A. secured by 14 Units and the leases thereof, which Liens shall be released by NBD Highland Park Bank N.A. upon payment by the Company of the obligations secured thereby; and (c) obligations in favor of the Lender secured pursuant to the certain Security Agreement between Temco Leasing Company and Continental Illinois National Bank and Trust Company of Chicago, now known as Continental Bank N.A., dated March 22, 1988, this Agreement will constitute a legal, valid and perfected first Lien on and first priority security interest in each of the Units (and any Proceeds thereof), each of the Leases (and the Proceeds thereof) and the Cash Collateral Account, as security for the Obligations, free and clear of all other Liens whatsoever other than the rights of the Lessees under the Leases. No security agreement, financing statement, equivalent security or Lien instrument or continuation statement covering all or any part of the Collateral is on file or of record with the Interstate Commerce Commission or with any other public office, except such as may have been filed by or on behalf of the Company in favor of the Lender pursuant to this Agreement.

4.13 Principal Office. The principal place of business, the chief executive office and the place at which the books and

records of the Company are kept is 100 East Scranton Avenue, Lake Bluff, Illinois 60044. The Company will promptly notify the Lender in writing of any change of the address of its principal office, as set forth in Subsection 7.8.

4.14 Pension and Welfare Plan. No liability, fine or penalty exists, whether to the Pension Benefit Guaranty Corporation or otherwise, with respect to any of its Pension or Welfare Benefit Plans, as such terms are defined in ERISA.

4.15 Investment Company. The Company is not an "investment company" or company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

4.16 Public Utility Holding Company. The Company is not a "holding company" or a "subsidiary company" of a "holding company" or an "affiliate" of a "holding company" within the meaning of the Public Utility Holding Company Act of 1935, as amended.

4.17 General Liability Insurance. The Company maintains general liability insurance with a face amount and policy terms and conditions which are ordinary and customary for similar businesses, and which are sufficient in type and amount to insure the Company against the risks normally incidental to the conduct of its business.

4.18 Subsidiaries and Partnerships. The Company has no Subsidiaries other than Temco Leasing. The Company is not a partner or joint venturer in any partnership or joint venture.

SECTION 5. CONDITIONS OF BORROWING

The obligation of the Lender to make the Loan hereunder shall be subject to the fulfillment, to the satisfaction of the Lender, of the following conditions precedent:

(a) The Company shall have executed and delivered to the Lender its Note meeting the requirements of Subsection 2.3 hereof;

(b) There shall have been delivered to the Lender a copy, certified by the Secretary of the Company on the date of the Loan, of the Articles of Incorporation of the Company, along with any amendments thereto;

(c) The Guarantor shall have delivered to the Lender a copy of his personal financial statement certified by the Guarantor.

(d) There shall have been delivered to the Lender a copy, certified by the Secretary of the Company on the date of the Loan, of the resolutions of the Board of Directors of the Company approving the transactions contemplated by this Agreement and authorizing the execution, delivery and performance by the Company of this Agreement, the Note, the Line of Credit and the Leases and all other documents and instruments required hereby;

(e) There shall have been delivered to the Lender a Certificate, dated the date of the initial Loan, signed by the President or the Chairman of the Company stating that each Lease continues in full force and effect on and after the date hereof, that the Company is aware of no current defaults under any such Lease, and that the Leases are valid and enforceable obligations of the parties thereto;

(f) There shall have been delivered to the Lender a certificate, dated the date of the Loan, with respect to the incumbency and signature of each of the officers of the Company executing this Agreement or any document relating hereto on behalf of the Company;

(g) A Guaranty, substantially in the form of Exhibit B shall have been duly executed by the Guarantor and delivered to the Lender;

(h) There shall have been delivered to the Lender evidence that this Agreement has been duly filed, registered and recorded with the Interstate Commerce Commission in accordance with Section 11303, Title 49, United States Code, and that there are no Liens on file with the Interstate Commerce Commission, other than those which may have been filed pursuant to this Agreement or the Note as well as those heretofore filed to secure obligations payable to NBD Highland Park Bank N.A. and Continental Illinois National Bank and Trust Company of Chicago, now known as Continental Bank N.A.;

(i) A schedule of all Leases signed by a duly authorized officer of the Company;

(j) There shall have been delivered to the Lender evidence that each Lease or a Schedule describing each Lease has been duly filed, registered and recorded with the Interstate Commerce Commission in accordance with Section 11303, Title 49, United States Code and that financing statements with respect to the Lender's security interest in each Lease have been filed in the office of the Secretary of State of Illinois and in such other office as the Lender may reasonably require;

(k) The representations and warranties contained in Section 4 hereof shall be true and correct on and as of the date of the making of the initial Loan with the same effect as if made on and as of such date, and no Default or Event of Default shall be in existence on the date of the making of the Loan or would occur as a result of the Loan;

(l) There shall have been delivered to the Lender evidence of insurance with respect to the Tank Cars, which indicates compliance by the Company with the provision of Subsection 7.15 hereof;

(m) There shall have been delivered to the Lender a certificate, dated the date of the initial Loan and signed by the President or the Chairman of the Company, to the same effect as paragraph (k) of this Section 5 and to the further effect that (i) the Company has valid and legal title to, and is the lawful owner of, the Tank Cars, free and clear of all Liens except the Lien and security interest created by this Agreement as well as those heretofore created in favor by NBD Highland Park Bank N.A. and Continental Illinois National Bank and Trust Company of Chicago, now known as Continental Bank N.A.; which Liens shall be released by NBD Highland Park Bank N.A. and Continental Illinois National Bank and Trust Company of Chicago, now known as Continental Bank N.A., upon payment by Company of the remaining outstanding loan balances; and (ii) the Tank Cars have been duly leased to the Lessees under the respective leases;

(n) There shall not have been in the judgment of the Lender, any material adverse change in the financial condition or business operations of the Company or the Guarantor;

(o) There shall have been delivered to the Lender opinion of Hinshaw, Culbertson, Moelman, Hoban and Fuller, Counsel for the Company dated the date of the Loan and substantially in the form of Exhibit C hereto;

(p) There shall have been delivered to the Lender opinion of Jackson & Campbell, P.C., dated the date of the Loan and substantially in the form of Exhibit D hereto;

(q) The Lender shall have received any other documents, instruments or certificates that the Lender may reasonably request; and

(r) There shall have been delivered to the Lender Payoff Letters from NBD Highland Park Bank N.A. and Continental Illinois National Bank and Trust Company of

Chicago, now known as Continental Bank N.A., regarding the Company's current indebtedness thereto.

(s) There shall have been delivered to the Lender a copy of the warranty bill of sale from Temco Leasing with respect to all of the Tank Cars, substantially in the form of Exhibit G hereto, transferring to the Company good title to the Tank Cars.

SECTION 6. GRANT OF LIEN AND SECURITY INTERESTS

As collateral security for (a) the prompt and complete payment when due (whether at the stated maturity, by prepayment, by acceleration or otherwise) of the unpaid principal and interest on the Note, (b) all obligations of the Borrower to the Lender under the Line of Credit whether now or hereafter existing, and (c) the due and punctual payment and performance by the Company of all of its obligations and liabilities under or arising out of or in connection with this Agreement (all of the foregoing being hereinafter called the "Obligations"), and in order to induce the Lender to make the Loan hereunder and the Advances under the Line of Credit:

6.1 Tank Cars. The Company does hereby assign, convey, mortgage, pledge and transfer to the Lender for the benefit and on account of the Lender, and does hereby grant to Lender a continuing security interest in, all of the Tank Cars and any and all Proceeds thereof.

6.2 Leases. (a) The Company does hereby assign, convey, mortgage, pledge and transfer to the Lender, and does hereby grant to the Lender a continuing security interest in, all of the right, title and interest of the Company in, to and under each of the Leases, including, without limitation, all right, title and interest of the Company in and to all rents, issues, profits, revenues and other income arising under each of the Leases and other moneys due and to become due to the Company under or arising out of each of the Leases, all accounts and general intangibles under or arising out of each of the Leases, all proceeds of each of the Leases and all claims for damages arising out of the breach of either of the Leases, the right of the Company to terminate each of the Leases and to compel performance of the terms and provisions thereof, and all chattel paper, contracts, instruments and other documents evidencing each of the Leases or any moneys due or to become due thereunder or related thereto. Each and every copy of each of the riders to the Leases pertaining to the Tank Cars which the Company directly or indirectly has in its control or possession shall have attached thereto a notice indicating the Lender's interest therein.

(b) The Company agrees that, upon the written request of the Lender, (i) it will specifically authorize and direct the Lessee under each Lease to make payment of all amounts due and to become due to the Company under or arising out of such Lease directly to an account of the Lender, to be maintained by the Lender at the office of the Lender located at 231 South LaSalle Street, Chicago, Illinois 60697 and entitled "Temco Corporation Cash Collateral Account" (the "Cash Collateral Account"), (ii) it will hold in trust any such amount received by it and forthwith pay the same to the Lender, and (iii) it hereby irrevocably authorizes and empowers the Lender to ask, demand, receive, receipt and give acquittance for any and all such amounts which may be or become due and payable or remain unpaid to the Company by such Lessee at any time or times under or arising out of such Lease, to endorse any checks, drafts or other orders for the payment of money payable to the Company in payment therefor, and in the Lender's discretion to file any claims or take any action or proceedings either in its own name or in the name of the Company or otherwise which the Lender may deem to be necessary or advisable in the premises.

(c) It is expressly agreed by the Company that, anything herein to the contrary notwithstanding, the Company shall remain liable under the Leases to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with and pursuant to the terms and provisions thereof. The Lender shall not have any obligation or liability under the Leases by reason of or arising out of this Agreement or the assignment of the Leases to the Lender or the receipt by the Lender of any payment pursuant thereto, nor shall the Lender be required or obligated in any manner to perform or fulfill any of the obligations of the Company under or pursuant to the Leases, or to make any payment, or to make any inquiry as to the nature or the sufficiency of any performance by the Lessees or to present or file any claim, or to take any action to enforce the observance of any obligations of the Lessees under the Leases.

6.3 Cash Collateral Account. The Company does hereby assign, convey, mortgage, pledge and transfer to the Lender, and does hereby grant to the Lender a continuing security interest in, all moneys at any time held in the Cash Collateral Account, if any.

6.4 Application of Funds. The Lender hereby agrees that so long as no Default or Event of Default has occurred and is continuing, it will promptly pay or cause to be paid to the Company's demand deposit account with the Lender all amounts on deposit in the Cash Collateral Account. When the Obligations shall have been paid, performed and discharged in full, the Lender shall pay or cause to be paid to the Company all amounts

then on deposit in the Cash Collateral Account and shall notify each Lessee to make all further payments under its Lease directly to the Company or as the Company shall direct. Nothing contained in Section 6 of this Agreement or elsewhere in this Agreement is intended or shall impair, diminish or alter the obligation of the Company, which is absolute and unconditional, to pay to the Lender all principal of and interest on the Note and all amounts payable under this Agreement as and when the same shall become due and payable in accordance with their respective terms.

6.5 Additional Collateral. The Collateral described in the Security Agreement of even date herewith, as amended and supplemented from time to time, substantially in the form provided for in the Line of Credit shall also secure the obligations hereunder and under the Note.

SECTION 7. COVENANTS

The Company hereby covenants and agrees that from the date of this Agreement and so long as any amount remains unpaid on account of the Note or otherwise with respect to the Obligations, unless the Lender shall otherwise consent in writing:

7.1 Financial Statements. The Company will furnish or cause to be furnished to the Lender:

(a) as soon as available, but in any event not later than 105 days after the end of each fiscal year of the Company, both a consolidated and a non-consolidated balance sheet of the Company as of the end of such fiscal year and the related consolidated and non-consolidated statements of income and of changes in financial position of the Company for such fiscal year, all in reasonable detail, prepared in accordance with generally accepted accounting principles applied on a basis consistently maintained throughout such fiscal year and accompanied by a report or opinion of independent certified public accountants of recognized standing selected by the Company and satisfactory to the Lender;

(b) as soon as available, but in any event not later than 45 days after the end of each quarter, other than the last, of each fiscal year of the Company, both an unaudited consolidated and non-consolidated balance sheet of the Company as of the end of such quarter and the related unaudited statements of income and of changes in financial position of the Company for the period from the beginning of such fiscal year to the end of such quarter, all in reasonable detail, prepared by independent certified public

accountants of recognized standing selected by the Company and satisfactory to the Lender in accordance with generally accepted accounting principles applied on a basis consistently maintained throughout the period involved (subject to normal year-end audit adjustments);

(c) concurrently with the delivery of the financial statements referred to in clauses (a) and (b) above, a certificate of the chief financial officer of the Company stating that, to the best of his knowledge after due inquiry, the Company has observed and performed each and every covenant and agreement of the Company contained in this Agreement, the Note and the Leases and that no Default or Event of Default has occurred during the period covered by such financial statements or is in existence on the date of such certificate or, if a Default or Event of Default has occurred or is in existence, specifying the same;

(d) concurrently with the delivery of the financial statements referred to in clause (a) above, a certificate of the independent public accountants who certified such statements to the effect that, in making the examination necessary for the audit of such financial statements, they obtained no knowledge of any Default or Event of Default, or, if they shall have obtained knowledge of any Default or Event of Default, specifying the same;

(e) as soon as available, but in any event no later than April 30 of each year, a personal financial statement of the Guarantor certified by the Guarantor or an independent certified public accountant, showing such Guarantor's financial position as of December 31 of the previous calendar year;

(f) during any period when the Company shall have one or more Subsidiaries, within the periods prescribed in clauses (a) and (b) above, financial statements of the character and for the period or periods and as of the date or dates specified in such clauses and certified or accompanied by a report or opinion of independent public accountants as therein provided, covering the financial condition, income and changes in financial position of the Company and each of its Subsidiaries on a consolidated basis and, if requested by the Lender, a consolidating basis;

(g) promptly upon request, such additional financial and other information with respect to the Company and the Guarantor as the Lender may from time to time reasonably require.

7.2 Reports. (a) On or before March 31 of each year, commencing with the year 1990, the Company shall furnish or cause to be furnished to the Lender a report, certified by the Chief Financial Officer of the Company, (i) setting forth as of the preceding December 31 (A) the amount, description and identifying numbers of all Units then subject to this Agreement and (B) the amount, description and identifying numbers of all Units that have suffered a Casualty Occurrence or are then undergoing repairs (other than running repairs) or have been withdrawn from use pending repairs (other than running repairs) during the preceding calendar year (or since the date of this Agreement in the case of the first such report) and (ii) stating that, in the case of all Units repaired or repainted during the period covered by such report, the numbers and markings required by Subsection 7.21 hereof have been preserved or replaced.

(b) The Company will prepare and deliver to the Lender within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lender) all reports (other than income tax returns), if any, relating to the maintenance, registration and operation of the Tank Cars required to be filed with any federal, state or other regulatory agency by reason of the Lender's Lien on and security interest in the Tank Cars or the Leases or the provisions of this Agreement.

7.3 Limitation on Fundamental Changes. The Company will not convey, sell, lease, transfer, pledge or otherwise dispose of, in one transaction or a series of related transactions, all or any substantial part of its properties, assets or business or change the form of organization of its business or liquidate or dissolve itself (or suffer any liquidation or dissolution), provided, however, that the Company may lease the Tank Cars, and any other equipment held by it, in the ordinary course of business. The Company will not enter into any transaction of merger or consolidation; except that Temco Leasing may merge into or consolidate with the Company within one year after the date hereof, provided that immediately after giving effect to such transaction, (a) no Default or Event of Default shall exist or be continuing and (b) if the Company is not the survivor to such transaction, such survivor shall expressly agree in writing that it is liable for all of the Company's Obligations to the same extent as if originally undertaken by or imposed upon such survivor.

7.4 Payment of Taxes. The Company will promptly pay and discharge or cause to be paid and discharged, before the same shall become in default, all lawful taxes, assessments and governmental charges or levies imposed upon the Company, or upon any property, real, personal or mixed, belonging to the Company, or upon any part thereof, as well as all lawful claims for

labor, materials and supplies which, if unpaid, might become a Lien upon any such property or any part thereof; provided, however, that the Company shall not be required to pay and discharge or to cause to be paid and discharged any such tax, assessment, charge, levy or claim so long as (i) the validity thereof shall be contested in good faith by appropriate proceedings, (ii) such proceedings do not involve any danger of the sale, forfeiture or loss of such property or any part thereof, and (iii) the Company shall have set aside on its books adequate reserves with respect thereto.

7.5 Conduct of Business; Maintenance of Existence. The Company will engage primarily in the business presently conducted by it, and will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights and franchises necessary to continue such business. The Company will qualify as a foreign corporation and remain in good standing under the laws of each jurisdiction in which it is required to be qualified by reason of the ownership of its assets or the conduct of its business.

7.6 Compliance with Laws and Rules. The Company will (i) comply, and use its best efforts to cause each Lessee and every user of the Tank Cars to comply in all material respects (including, without limitation, with respect to the use, maintenance and operation of the Tank Cars), with all laws of the jurisdictions in which its or such Lessee's or such user's operations involving the Tank Cars may extend, with the interchange rules of the American Association of Railroads and with all lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other governmental authority exercising any power or jurisdiction over the Tank Cars, to the extent that such laws or rules affect the title to, or the operation or use of, or the Lender's Lien and security interest in, the Tank Cars, and in the event that such laws or rules require any alteration of, or any replacement or addition of or to any part on, any Unit, the Company will conform therewith at its own expense, and, (ii) comply in all material respects with all other applicable laws and regulations of any governmental authority relative to the conduct of its business or the ownership of its properties or assets, provided, however, that the Company may, in good faith, contest the validity or application of any such law or rule by appropriate proceedings which do not, in the opinion of the Lender, involve any danger of the sale, forfeiture or loss of the Tank Cars or any part thereof.

7.7 Maintenance of Properties. The Company will at all times maintain and keep, or cause to be maintained and kept, in good repair, working order and condition all property of the Company used or useful in the conduct of its business, and will

from time to time make or cause to be made all needful and proper repairs, renewals, replacements, betterments and improvements thereof, so that the business carried on in connection therewith may be properly and advantageously conducted at all times.

7.8 Principal Office. The Company will not change the location of its principal place of business, its chief executive office or the place at which its books and records are kept from the address specified in Subsection 4.13 hereof unless it shall have given the Lender at least 90 days prior written notice of such change, and the Company will at all times maintain its principal place of business, chief executive office and the place at which its books and records are kept within the United States of America.

7.9 Indemnities, etc. (a) In any suit, proceedings or action brought by the Lender under any of the Leases or to enforce any provision thereof, the Company will save, indemnify and hold the Lender harmless from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaim, recoupment or reduction of liability whatsoever of the Lessee thereunder, arising out of a breach by the Company of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such Lessee from the Company, and all such obligations of the Company shall be and remain enforceable against and only against the Company and shall not be enforceable against the Lender.

(b) The Company agrees to indemnify and hold the Lender harmless against any and all liabilities, obligations, losses, damages, claims, suits, costs, expenses and disbursements (including reasonable legal fees and expenses) incurred by or asserted against it with respect to claims for personal injury or property damage arising from its participation in the transactions contemplated by this Agreement, the Leases or the Note except for claims arising due to the gross negligence or willful misconduct of the Lender, or its employees or agents.

7.10 Performance of Leases. The Company will perform and comply in all material respects with all its obligations under each Lease and all other agreements to which it is a party or by which it is bound relating to the Collateral, and the Company will use its best efforts to cause each other party thereto to so perform and comply.

7.11 Preservation of Collateral. (a) The Company will not create, permit or suffer to exist, and will defend the Collateral against and take such other action as is necessary to remove, any Lien, claim or right in or to the Collateral (other

than the Lien and security interest created by this Agreement, Permitted Liens relating thereto), and will defend the right, title and interest of the Lender in and to the Company's rights under the Leases and rights in the Tank Cars and in and to the Proceeds thereof against the claims and demands of all other Persons whomsoever.

(b) The Company will not sell, transfer or otherwise dispose of any of the Collateral or attempt to offer to do so, except as provided in Subsections 2.4, 2.5, and 6.3.

(c) The Company will advise the Lender promptly, in reasonable detail, of any Lien or claim made or asserted against any of the Collateral and of any event affecting the Lender's Lien on and security interest in the Collateral.

(d) The Company shall use its best efforts to keep the Tank Cars under lease at all times at rental rates which are favorable to the Company. The Company shall be subject to the minimum debt coverage requirement of Subsection 7.23. The Company shall promptly provide the Lender with each Lease entered into with respect to any of the Tank Cars after the date hereof. Any such Lease shall instruct the lessee thereunder to make its lease payments to the Cash Collateral Account as set forth in Subsection 6.2(b).

7.12 Location of Tank Cars. The Company will not permit any of the Tank Cars to be located outside the continental United States of America or Canada at any time, except that not more than 10% of the Tank Cars may be temporarily or incidentally used in Mexico, provided that each Lease covering Tank Cars so used shall provide that if a Tank Car is so used, the Lessee thereof shall have first obtained the permission of the Company.

7.13 Further Assurances; Recordation and Filing. The Company will, at its sole cost and expense, do, execute, acknowledge and deliver all further acts, supplements, mortgages, security agreements, conveyances, transfers and assurances necessary or advisable for the perfection and preservation of the Lien and security interest created by this Agreement in the Collateral, whether now owned or hereafter acquired. The Company will cause this Agreement and any supplements hereto, and all financing and continuation statements and similar notices requested by the Lender or required by applicable law, at all times to be kept, recorded and filed at no expense to the Lender in such manner and in such places as may be required by law in order fully to preserve and protect the rights of the Lender hereunder.

7.14 ICC Jurisdiction. The Company will not take or permit to be taken any action within its control which would subject it

to the jurisdiction of the Interstate Commerce Commission as a "carrier", "railroad carrier" or "common carrier", as such terms are defined in Title 49, United States Code, if such jurisdiction will adversely affect the ability of the Company to perform its obligations under this Agreement, the Note or the Leases or adversely affect the validity or enforceability of this Agreement, the Note or the Leases.

7.15 Maintenance of Insurance. (a) The Company will maintain or cause to be maintained with financially sound and reputable insurance companies acceptable to Lender, insurance policies (i) insuring the Company and the Lender against liability for personal injury and property damage caused by or relating to such Tank Cars or their use with coverage in the amount of at least \$2,000,000.00, all such insurance policies to be in such form and to have such coverage as shall be satisfactory to the Lender, with losses payable to the Company and the Lender as their respective interests may appear.

(b) All insurance required by this Subsection 7.15 shall (i) be with the carriers designated above or other carriers acceptable to the Lender, (ii) name the Lender as assured and loss-payee, as its interests may appear, (iii) provide for at least 30 days' prior written notice to the Lender before any cancellation, reduction in amount or change in coverage thereof shall be effective, (iv) contain a breach of warranty clause in favor of the Lender and (v) provide that the Lender shall have no obligation or liability for premiums, commissions, assessments or calls in connection with such insurance.

(c) The Company shall, if so requested by the Lender, deliver to the Lender within a reasonable time and as often as the Lender may reasonably request a report of a reputable insurance broker with respect to the insurance on the Tank Cars.

(d) The Lender may waive any or all of the requirements of this Subsection 7.15 if it receives a written opinion, from an insurer or insurance broker acceptable to Lender, stating that certain losses set forth above are the risks of the shippers, railroads, and/or repair shops rather than risks imposed upon the Company.

7.16 Casualty Occurrence. (a) In the event of a Casualty Occurrence with respect to any Unit, the Company shall, promptly after it has knowledge of same, give the Lender written notice of such Casualty Occurrence, which notice shall (i) identify the Unit which has suffered the Casualty Occurrence, (ii) set forth the Casualty Value of such Damaged Unit (and the calculations used in the determination thereof) as of the date which is not

less than 10 days nor more than 45 days after the date of such notice (the "Casualty Value Determination Date"), and (iii) specify whether the Company will, on the Casualty Value Determination Date, prepay the Note pursuant to paragraph (b) of this Subsection 7.16 or replace the Damaged Unit pursuant to paragraph (c) of this Subsection 7.16.

(b) If the notice given pursuant to paragraph (a) of this Subsection 7.16 specifies that the Company will prepay the Notes on the Casualty Value Determination Date, the Company will, on such date, (i) prepay the Note in an aggregate principal amount equal to the Casualty Value of the Damaged Unit as of such date and (ii) pay the accrued interest on the principal amount so prepaid to the date of prepayment. Any principal prepayments under this paragraph (b) will be applied to the installments of the Note in the inverse order of their maturities.

(c) If the notice given pursuant to paragraph (a) of this Subsection 7.16 specifies that the Company will replace the Damaged Unit, the Company will, on or prior to the Casualty Value Determination Date:

(i) replace the Damaged Unit with a tank car of the same type, which has a value and utility at least equal to, and which is in as good condition as, the Damaged Unit immediately prior to the Casualty Occurrence (assuming that such Damaged Unit was then in the condition required to be maintained by Subsection 7.17 hereof) and which is free and clear of all Liens other than Permitted Liens,

(ii) take all steps necessary to subject such replacement tank car (the "Replacement Unit") to the Lien and security interest of this Agreement and to subject such Replacement Unit to the applicable Lease, and

(iii) deliver to the Lender such documents evidencing the foregoing as the Lender may reasonably request, including, without limitation, (A) a duly executed supplement to the Agreement, satisfactory in form and substance to Lender and its counsel, describing the Replacement Unit and subjecting the Replacement Unit to the Lien and security interest of this Agreement, together with evidence that such supplement has been duly filed, registered and recorded with Interstate Commerce Commission in accordance with Section 11303, Title 49, United States Code, and (B) documents and opinions of counsel with respect thereto

corresponding to those described in paragraphs (l), (m), (o), and (p) of Section 5 hereof;

Upon the Company's compliance with the foregoing provisions of this Section 7.16, the Lender will, if no Default or Event of Default has occurred and is continuing, execute and deliver to the Company such instruments as shall be necessary to release such Damaged Unit from the Lien and security interest of this Agreement (without recourse to, or representation or warranty by, the Lender).

7.17 Maintenance. The Company will, at no expense to the Lender, keep and maintain or cause to be kept and maintained, the Tank Cars in good repair, condition and working order, eligible for interchange with other railroads pursuant to Association of American Railroads Interchange Standards, and will cause to be furnished all parts, mechanisms, devices and servicing required therefor so that the value, condition and operating efficiency thereof will at all times be maintained and preserved, ordinary wear and tear excepted.

7.18 Notice of Default; etc. The Company will promptly give written notice to the Lender of (a) the occurrence of any Default or Event of Default; (b) any litigation or proceedings relating to the Collateral; (c) any litigation or proceedings affecting the Company or any of its properties or assets which, if adversely determined, might have a material adverse effect upon the financial condition, business or operations of the Company; and (d) any dispute between the Company and any governmental regulatory body that might materially interfere with the normal business operations of the Company.

7.19 Books and Records. The Company will keep proper books of record and account in which full, true and correct entries in accordance with generally accepted accounting principles will be made of all dealings or transactions in relation to its business and activities.

7.20 Inspection. The Company will permit the Lender and any persons designated by it to visit and inspect any of the properties, corporate books and financial records of the Company and to discuss the affairs, finances and accounts of the Company with its respective officers, all at such reasonable times and as often as the Lender may reasonably request.

7.21 Marking of Tank Cars. The Company will cause each Unit to be numbered at all times with the identification number set forth in Schedule I hereto pertaining to such Unit and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the following words: "TITLE TO THIS CAR SUBJECT

TO DOCUMENTS RECORDED WITH INTERSTATE COMMERCE COMMISSION", or other appropriate words designated by the Lender, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Lender's interest in the Tank Cars and their rights under this Agreement. The Company will replace or will cause to be replaced promptly any such words which may be removed, defaced or destroyed. The Company will not permit the identifying number of any Unit to be changed except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been delivered to the Lender and filed, recorded and deposited by the Company in all public offices where this Agreement shall have been filed, recorded or deposited.

7.22 Additional Leases. The Company shall cause any Leases subject hereto, or which may from time to time hereafter become subject hereto, which are not described in Schedule II hereof, (i) to be duly filed, registered and recorded with the Interstate Commerce Commission in accordance with Section 11303, Title 49, United States Code, by executing a supplement to this Agreement in a form acceptable to Lender, setting forth such Leases as additional security hereunder, and effecting the filing, registering and recording of same, and (ii) to be added as additional security of the Lender by the filing of the applicable UCC financing statement with the Secretary of State of Illinois identifying such Leases as collateral of the Lender.

7.23 Lease Rental Coverage. Total annual rental income from Leases with remaining terms of at least twelve months shall at all times equal or exceed one-half of the annual principal and interest payments due under the Note (\$184,920).

7.24 Notification to Leasees. The Company shall, upon the written request of the Lender, mail a letter to each Lessee, dated the date of such request and in a form acceptable to the Lender requesting such Lessee to affirm that such Lessee (i) acknowledges notice of the assignment to the Lender of all of the Company's right, title and interest in, to and under its respective Lease, (ii) agrees to make payment of all money under or arising out of such Lease directly to the Cash Collateral Account until such time as it shall have received notice from the Lender otherwise, (iii) agrees that each such payment shall be final and that such Lessee shall not seek to recover from the Lender for any reason whatsoever, any moneys paid by such Lessee to the Lender by virtue of this Agreement and that such Lessee will not seek recourse against the Lender by reason of this Agreement or such Lease, and (iv) certifies to the effect that such Lease is in full force and effect and constitutes a valid and binding agreement of such Lessee, enforceable in accordance

with its terms; the Company shall use its best efforts to obtain an acknowledged copy of such letter back from each Lessee;

7.25 Loan to Shareholders. The Company will not lend or otherwise extend credit to its shareholders in an amount exceeding, in the aggregate at any one time outstanding, \$100,000.00.

7.26 Recourse Funded Debt to Net Worth. The Company will not permit the ratio of its Consolidated Recourse Funded Debt to its Consolidated Tangible Net Worth to be less than 4.0 to 1.0.

7.27 Liens. The Company will not permit its assets, or any of those of any of its Subsidiaries, to be subject to any Lien, except:

(a) Liens for current taxes not delinquent or taxes being contested in good faith and by appropriate proceedings and as to which such reserves or other appropriate provisions as may be required by GAAP are being maintained;

(b) carriers', warehousemen's, mechanics', materialmen's and other like statutory Liens arising in the ordinary course of business securing obligations which are not overdue for a period of more than 30 days or which are being contested in good faith and by appropriate proceedings and as to which such reserves or other appropriate provisions as may be required by GAAP are being maintained;

(c) pledges or deposits in connection with workers' compensation, unemployment insurance and other social security legislation.

(d) Liens disclosed in the financial statements referred to in Section 4.6;

(e) Permitted Liens; and

(f) Liens in favor of the Lender.

SECTION 8. POWER OF ATTORNEY

8.1 Appointment. The Company hereby irrevocably constitutes and appoints the Lender and any officer or agent thereof, with full power of substitution, as its true and lawful attorneys-in-fact with full irrevocable power and authority in the place and stead of the Company and in the name of the Company or in its own name, from time to time in the Lender's discretion, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or

desirable to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing, the Company hereby gives the Lender the power and right, on behalf of the Company, without notice to or assent by the Company, to do the following:

(a) (i) to receive payment of and receipt for any and all moneys, claims and other amounts due and to become due at any time in respect of or arising out of any Collateral and (ii) to endorse any checks, drafts or other orders for the payment of money payable to the Company in connection with the Collateral;

(b) upon default by the Company in the performance of Subsection 7.4 or 7.15, the Lender may, but shall not be obligated to, (i) effect any insurance called for by the terms of Subsection 7.15 and pay all or any part of the premiums therefor and the costs thereof and (ii) pay and discharge any taxes, Liens and encumbrances on the Collateral; and

(c) upon the occurrence and continuance of any Event of Default or of any Default specified in paragraph (i) Section 9 hereof, (i) to sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications and notices in connection with accounts and other documents relating to the Collateral; (ii) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any thereof and to enforce any other right in respect of any of the Collateral; (iii) to defend any suit, action or proceeding brought against the Company with respect to any of the Collateral; (iv) to settle, compromise or adjust any suit, action or proceeding described in clause (iii) above and, in connection therewith, to give such discharges or releases as the Lender may deem appropriate; and (v) generally to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Lender was the absolute owner thereof for all purposes, and to do, at the Lender's option and the Company's expense, at any time or from time to time, all acts and things which the Lender deems necessary to protect, preserve or realize upon the Collateral and the Lender's security interest therein, in order to effect the intent of this Agreement, all as fully and effectively as the Company might do.

The Company hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of

attorney is a power coupled with an interest and shall be irrevocable.

8.2 No Duty. The powers conferred on the Lender hereunder are solely to protect its interests in the Collateral and shall not impose any duty upon it to exercise any such powers. The Lender shall be accountable only for amounts that it actually receives as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to the Company for any act or failure to act, except for its or their own gross negligence or willful misconduct.

8.3 Additional Rights. (a) The Company authorizes the Lender at any time and from time to time, (i) to communicate in its own name with regard to the assignment of the Leases and other matters related thereto and (ii) to execute, in connection with the sale provided for in Section 10(c) of this Agreement, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral.

(b) If the Company fails to perform or comply with any of its agreements contained herein, the Lender may perform or comply, or otherwise cause performance or compliance, with such agreement, and the expenses of the Lender incurred in connection with such performance or compliance, together with interest thereon at the rate of 11% per annum which shall be payable by the Company to the Lender on demand and shall constitute part of the Obligations secured hereby.

SECTION 9. EVENTS OF DEFAULT

If any of the following Events of Default shall occur and be continuing:

(a) Failure to pay any principal, premium, if any, or interest on the Note when due and the continuance of such failure for five days after notice thereof shall have been given to the Company by the Lender;

(b) Any representation or warranty made by the Company in this Agreement, by the Guarantor in the Guaranty, or by the Company or the Guarantor or any officer of the Company in any document, certificate or financial or other statement furnished at any time under or in connection with this Agreement or the Guaranty, shall prove to have been untrue or inaccurate in any material respect at the time when made;

(c) The default by the Company in the observance or performance of any covenant contained in Subsection 6.2(b),

7.3, 7.11(a), 7.11(b), 7.12, 7.15(a), 7.15(b), 7.16, 7.17, 7.23 hereof or 7.24;

(d) The default by the Company in the observance or performance of any other covenant or agreement contained in this Agreement and the continuance of such default for 30 days after written notice, specifying such default, shall have been given to the Company by the Lender;

(e) The default by the Company or the Guarantor in any payment of principal of, or interest on, any obligation for borrowed money (other than the Note) or for the deferred purchase price of any property or asset or any obligation guaranteed by it or in respect of which it is liable, for a period equal to the period of grace, if any, applicable to such default, or in the performance or observance of any other term, condition or covenant contained in any such obligation or in any agreement or instrument relating thereto if the effect of such default is to cause, or to permit the holder or holders of such obligation (or a trustee or agent on behalf of such holder or holders) to cause, such obligation to become due and payable prior to its stated maturity or to realize upon any collateral given as security therefor, unless the aggregate amount of all such obligations as to which any such default shall have occurred does not exceed \$50,000.00;

(f) the Guarantor shall breach or disaffirm any of his obligations or covenants under his Guaranty or the Guaranty shall cease to be in full force and effect;

(g) Filing by the Company or the Guarantor of a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization, arrangement, readjustment of its debts or for any other relief under any bankruptcy, insolvency, reorganization, liquidation, dissolution, arrangement, composition, readjustment of debt or other similar act or law of any jurisdiction, domestic or foreign, now or hereafter existing or any action by the Company or the Guarantor indicating its consent to, approval of, or acquiescence in, any such petition or proceeding; the application by the Company or the Guarantor for, or the appointment by consent or acquiescence of, a receiver or trustee for the Company or the Guarantor or for all or a substantial part of its property; the making by the Company or the Guarantor of an assignment for the benefit of creditors; the inability of the Company or the Guarantor, or the admission by the Company or the Guarantor in writing of its inability, to pay its debts as they mature;

(h) Filing of an involuntary petition against the Company or the Guarantor in bankruptcy or seeking reorganization, arrangement, readjustment of its debts or for any other relief under any bankruptcy, insolvency, reorganization, liquidation dissolution, arrangement, composition, readjustment of debt or other similar act or law of any jurisdiction, domestic or foreign, now or hereafter existing; or the involuntary appointment of a receiver or trustee of the Company or the Guarantor or for all or a substantial part of its property; or the service on the Company or the Guarantor of a warrant of attachment, execution or similar process against any substantial part of its property; and the continuance of any of such events for 30 days undismissed, unbonded or undischarged;

(i) Judgment for the payment of money in excess of \$50,000 shall be rendered against the Company or the Guarantor and the same shall remain undischarged for a period of 30 days during which execution shall not be effectively stayed;

(j) Default under any other agreement between the Company and the Bank;

then, and in any such event, the Lender may exercise any and all remedies granted to it under this Agreement and under applicable law, and may further, by notice of default given to the Company by the Lender declare the Note to be forthwith due and payable (except that, if an Event of Default under paragraph (g) or (h) occurs, the Note and all other Obligations shall become immediately due and payable without declaration or notice of any kind), whereupon the unpaid principal amount of the Note, together with accrued interest thereon, shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the Note to the contrary notwithstanding.

SECTION 10. REMEDIES

If an Event of Default shall occur and be continuing:

(a) The Obligations may be (or shall be, in the case of insolvency) accelerated as provided in Section 9.

(b) All payments received by the Company in connection with or arising out of any of the Collateral shall be held by the Company in trust for the Lender, shall be segregated from other funds of the Company and shall forthwith upon receipt by the Company be turned over to the Lender, in the

same form as received by the Company (duly endorsed by the Company to the Lender if required); any and all such payments so received by the Lender (whether from the Company or otherwise) may, in the sole discretion of the Lender, be held by the Lender as collateral security for the Obligations, and/or then or at any time thereafter applied in whole or in part by the Lender against all or any part of the Obligations; any excess shall be paid over to the Company or to whomsoever may be lawfully entitled to receive the same;

(c) The Lender may exercise in addition to all other rights and remedies granted to it in this Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations, all rights and remedies of a secured party under the Uniform Commercial Code of the State of Illinois and the Interstate Commerce Act, 49 U.S.C. §10101 et seq. Without limiting the generality of the foregoing, the Company expressly agrees that in any such event the Lender, without demand of performance or other demand, advertisement or notice of any kind (except the notice specified below of time and place of public or private sale) to or upon the Company or any other Person (all and each of which demands, advertisements and/or notices are hereby expressly waived), may forthwith collect, receive, appropriate and realize upon the Collateral or any part thereof and may take possession of the Tank Cars and/or may forthwith sell, assign, give option or options to purchase, or sell, lease or otherwise dispose of and deliver the Collateral, or any part thereof, in any manner permitted by applicable law (or contract to do so) in one or more parcels at public or private sale or sales, at the office of any broker or at the Lender's offices or elsewhere at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk, with the right of the Lender upon any such sale or sales, public or private, to purchase in the name and on behalf of the Lender the whole or any part of the Collateral so sold, free of any right or equity of redemption in the Company, which right or equity of redemption is hereby expressly waived and released. If any notification of intended disposition of any of the Collateral is required by law, such notification shall be deemed reasonably and properly given if mailed at least fifteen (15) days before such disposition, by registered or certified mail, postage prepaid, addressed to the Company at the address set forth in Subsection 11.2 hereof. The Company further agrees, at the Lender's request, to collect the Tank Cars and make them available to the Lender as hereinafter provided. The Lender shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization and sale after deducting all

reasonable costs and expenses of every kind incurred therein or incidental to the care, safe-keeping or otherwise of any or all of the Collateral or in any way relating to the rights of the Lender hereunder, including reasonable attorney's fees and legal expenses, to the payment in whole or in part of the Obligations, in such order as the Lender may elect, the Company remaining liable for any deficiency remaining unpaid after such net proceeds and after the payment by the Lender of any other amount required by any provision of law, including Section 9.504(1)(c) of the Uniform Commercial Code of the State of Illinois. Any surplus after payment in full of the Obligations shall be returned to the Company as soon as reasonably practical. To the extent permitted by applicable law, the Company waives all claims, damages and demands against the Lender arising out of the repossession, retention or sale of the Collateral. The Company shall remain liable for any deficiency if the proceeds of any sale or disposition of the Collateral are insufficient to pay all amounts to which the Lender is entitled, the Company also being liable for the fees of any attorneys employed by the Lender to collect such deficiency. The Company hereby waives presentment, demand, protest and any notice (to the extent permitted by applicable law) of any kind in connection with this Agreement or any Collateral. The Company also hereby waives any right of redemption which may be available under the laws of the State of Illinois; and

(d) In the event that the Lender shall request that the Tank Cars be collected as provided in paragraph (c) of this Section 10, the Company shall, at its own risk and expense (i) forthwith and in the usual manner (including, but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and to all railroads to which any Unit or Units so interchanged) place such Units upon such storage tracks as the Lender reasonably may designate; (ii) permit the Lender to store such Units on such tracks until such Units have been sold, leased or otherwise disposed of by the Lender; and (iii) transport the same to any connecting carrier for shipment, all as directed by the Lender. The assembling, delivery, storage and transporting of the Tank Cars as hereinabove provided shall be at the expense and risk of the Company and are of the essence of this Agreement, and upon application to any court of equity having jurisdiction in the premises, the Lender shall be entitled to a decree against the Company requiring specific performance of the covenants of the Company so to assemble, deliver, store and transport the Tank Cars. During any storage period, the Company will, at its own cost and expense, maintain and keep the Tank Cars in good order

and repair and will permit the Lender or any person designated by it, including the authorized representative or representatives of any prospective purchaser, lessor or manager of any Unit, to inspect the same. The Company hereby expressly waives any and all claims against the Lender and its agent or agents for damages of whatsoever nature in connection with any retaking of any Unit in any reasonable manner.

(e) Beyond the use of reasonable care in the custody thereof the Lender shall not have any duty as to any Collateral in their possession or control or in the possession or control of any agent or nominee of Lender or as to any income therefrom.

Notwithstanding any provision of this Agreement to the contrary, the Lender shall not, so long as any Lessee is not in default under its Lease, take any action which would interfere with such Lessee's rights under its Lease, including right to the possession and use of the Tank Cars subject thereto, except in accordance with the provisions of such Lease.

SECTION 11. MISCELLANEOUS

11.1 Reimbursement of Lender, etc. Upon Lender making the aforementioned Loan to Company, Company agrees to pay or reimburse Lender for all costs and expenses (including the reasonable legal fees and disbursements of counsel for Lender, including attorneys who are employees of the Bank) relating to the negotiation and implementation of the Loan. The Company also agrees to pay or reimburse the Lender for all costs and expenses (including the reasonable legal fees and disbursements of counsel for the Lender) incurred by the Lender in connection with the enforcement of (or the preservation of any rights hereunder) or any subsequent modification of this Agreement, the Note and the Guaranty. The Company also agrees to pay, and to hold the Lender harmless from, any and all liabilities with respect to, or resulting from any delay in paying documentary, excise, recording, filing, stamp or similar taxes, fees and other governmental charges (including interest and penalties), if any, which may be payable or determined to be payable in respect of the execution, delivery or recording of this Agreement, the Note or the Guaranty or any modification of any thereof of any waiver or consent under or in respect of any thereof. The obligations of the Company under this Subsection 11.1 shall survive payment of the Note and termination of this Agreement.

11.2 Notices. All notices, requests and demands to or upon the respective parties to this Agreement shall be in writing and shall be deemed to have been given or made when delivered by hand or deposited in the mail, by registered or certified mail,

postage prepaid, addressed as follows or to such other address as may be hereafter designated in writing by the respective parties hereto:

The Company: TEMCO CORPORATION
 100 East Scranton Avenue
 Lake Bluff, Illinois 60044
 Attention: Mr. Bruce H. Borland

Lender: CONTINENTAL BANK N.A.
 231 South LaSalle Street
 Chicago, Illinois 60697
 Attention: Business Banking Unit

11.3 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Lender, any right, power or privilege under this Agreement, the Note, the Guaranty or any of the Collateral shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies provided herein and therein are cumulative and not exclusive of any rights or remedies provided by law.

11.4 Amendments and Waivers. The provisions of this Agreement may from time to time be amended, supplemented or otherwise modified or waived only by a written agreement signed by the Company and the Lender.

11.5 Successors. This Agreement shall be binding upon and inure to the benefit of the Company and the Lender and their respective successors and assigns, except that the Company may not transfer or assign any of its rights hereunder without the prior written consent of the Lender.

11.6 Survival of Representations. All representations and warranties herein contained or made in writing in connection with this Agreement shall survive the execution and delivery of this Agreement and the making of the Loan hereunder and shall continue in full force and effect until all Obligations due and to become due hereunder and under the Note shall have been paid in full.

11.7 Construction. This Agreement and the rights and obligations of the parties hereunder shall be governed by, and construed and interpreted in accordance with, the laws of the State of Illinois.

11.8 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to

such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

11.9 Counterparts. This Agreement may be executed by one or more of the parties hereto in any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

TEMCO CORPORATION

By: 

Chairman

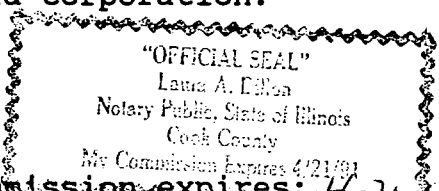
CONTINENTAL BANK N.A.

By: 

Vice President

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

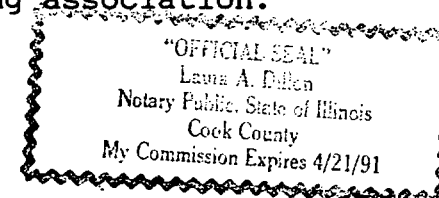
On this 31st day of JANUARY, 1990, before me personally appeared Bruce H. Borland, to me personally known, who being by me duly sworn, says that he is the Chairman of TEMCO CORPORATION, that said instrument was signed on behalf of said Corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

(SEAL) 
My commission expires: 4-21-91

Laura A. Dillon
Notary Public

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this 31st day of JANUARY, 1990, before me personally appeared RICHARD BEUTEL, to me personally known, who being by me duly sworn, says that he is a Vice President of CONTINENTAL BANK N.A., that said instrument was signed on behalf of said national banking association by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national banking association.

(SEAL) 
My commission expires: 4-21-91

Laura A. Dillon
Notary Public

SCHEDULE I

TMCX CAR NO. DOT CLASS

TMCX 01001	111A100W3
TMCX 01010	111A100W3
TMCX 01011	111A100W3
TMCX 01012	111A100W3
TMCX 01016	111A100W3
TMCX 01022	111A100W3
TMCX 01023	111A100W3
TMCX 01026	111A100W3
TMCX 01027	111A100W3
TMCX 01028	111A100W3
TMCX 01029	111A100W3
TMCX 08215	111A100W1
TMCX 08216	111A100W1
TMCX 08217	111A100W1
TMCX 08218	111A100W1
TMCX 08219	111A100W1
TMCX 08220	111A100W1
TMCX 08221	111A100W1
TMCX 08222	111A100W1
TMCX 08223	111A100W1
TMCX 08325	111A100W1
TMCX 08326	111A100W1
TMCX 08327	111A100W1
TMCX 17952	111A100W1
TMCX 22898	111A100W2
TMCX 22899	111A100W2
TMCX 22900	111A100W2
TMCX 22901	111A100W2
TMCX 22902	111A100W2
TMCX 22903	111A100W2
TMCX 22905	111A100W1
TMCX 22906	111A100W1
TMCX 22910	111A100W3
TMCX 22911	111A100W3
TMCX 22912	111A100W3
TMCX 22913	111A100W3
TMCX 22914	111A100W3
TMCX 22915	111A100W3
TMCX 22916	111A100W3
TMCX 22917	111A100W3
TMCX 22918	111A100W3

HEAVY REPAIRS

TEMCO CAR NO.	DOT CLASS
TMCX 22919	111A100W3
TMCX 22920	111A100W3
TMCX 22921	111A100W3
TMCX 22924	111A100W1
TMCX 22925	111A100W1
TMCX 22927	111A100W1
TMCX 22928	111A100W1
TMCX 22929	111A100W1
TMCX 22930	111A100W1
TMCX 22931	111A100W1
TMCX 22932	111A100W1
TMCX 22933	111A100W1
TMCX 22934	111A100W1
TMCX 22935	111A100W1
TMCX 22947	111A100W1
TMCX 22948	111A100W1
TMCX 22949	111A100W1
TMCX 22950	111A100W1
TMCX 22951	111A100W1
TMCX 22952	111A100W1
TMCX 22953	111A100W1
TMCX 22954	111A100W1
TMCX 22957	111A100W1
TMCX 22958	111A100W1
TMCX 22959	111A100W1
TMCX 22960	111A100W1
TMCX 22961	111A100W1
TMCX 22962	111A100W1
TMCX 22963	111A100W1
TMCX 22964	111A100W1
TMCX 22965	111A100W1
TMCX 22967	111A100W1
TMCX 22968	111A100W1
TMCX 22969	111A100W1
TMCX 22970	111A100W1
TMCX 22971	111A100W1
TMCX 22972	111A100W1
TMCX 22973	111A100W1
TMCX 22975	111A100W1
TMCX 22976	111A100W1
TMCX 22980	111A100W1

HEAVY REPAIRS

TEMCO CAR NO. DOT CLASS

TEMCO 22983	111A100W1
TEMCO 22984	111A100W1
TEMCO 22985	111A100W1
TEMCO 22986	111A100W1
TEMCO 22987	111A100W1
TEMCO 22988	111A100W1
TEMCO 22989	111A100W1
TEMCO 22990	111A100W1
TEMCO 22992	111A100W1
TEMCO 22994	111A100W1
TEMCO 22995	111A100W1
TEMCO 23007	111A100W1
TEMCO 23100	111A100W1
TEMCO 23101	111A100W1
TEMCO 23102	111A100W1
TEMCO 23103	111A100W1
TEMCO 23104	111A100W1
TEMCO 23105	111A100W1
TEMCO 23106	111A100W1
TEMCO 23107	111A100W1
TEMCO 23108	111A100W1
TEMCO 23109	111A100W1
TEMCO 23130	111A100W1
TEMCO 23131	111A100W1
TEMCO 23132	111A100W1
TEMCO 23133	111A100W1
TEMCO 23134	111A100W1
TEMCO 23136	111A100W1
TEMCO 23137	111A100W1
TEMCO 23138	111A100W1
TEMCO 23139	111A100W1
TEMCO 23140	111A100W1
TEMCO 23141	111A100W1
TEMCO 23142	111A100W1
TEMCO 23143	111A100W1
TEMCO 23144	111A100W1
TEMCO 23145	111A100W1
TEMCO 23146	111A100W1
TEMCO 23164	111A100W1
TEMCO 23165	111A100W1
TEMCO 23166	111A100W1
TEMCO 23168	111A100W1

TEMCO CAR NO. DOT CLASS

TMCX 23169	111A100W1
TMCX 23170	111A100W1
TMCX 23171	111A100W1
TMCX 23173	111A100W1
TMCX 23174	111A100W1
TMCX 23176	111A100W1
TMCX 23177	111A100W1
TMCX 23178	111A100W1
TMCX 23179	111A100W1
TMCX 23180	111A100W1
TMCX 23181	111A100W1
TMCX 23182	111A100W1
TMCX 23183	111A100W1
TMCX 23184	111A100W1
TMCX 23185	111A100W1
TMCX 23186	111A100W1
TMCX 23188	111A100W1
TMCX 23189	111A100W1
TMCX 23190	111A100W1
TMCX 23191	111A100W1
TMCX 23200	111A100W1
TMCX 23201	111A100W1
TMCX 23203	111A100W1
TMCX 23204	111A100W1
TMCX 23207	111A100W1
TMCX 23208	111A100W1
TMCX 23209	111A100W1
TMCX 23211	111A100W1
TMCX 23212	111A100W1
TMCX 23214	111A100W1
TMCX 23215	111A100W1
TMCX 23217	111A100W1
TMCX 23218	111A100W1
TMCX 23219	111A100W1
TMCX 24028	111A100W1
TMCX 24253	111A100W1
TMCX 24321	111A100W1
TMCX 24322	111A100W1
TMCX 29000	111A100W1
TMCX 29002	111A100W1
TMCX 29003	111A100W1
TMCX 29004	111A100W1

HEAVY REPAIRS

TEMCO CAR NO.	DOT CLASS
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TMCX 29005	111A100W1
TMCX 29006	111A100W1
TMCX 29007	111A100W1
TMCX 29008	111A100W1
TMCX 29009	111A100W1
TMCX 29010	111A100W1
TMCX 29011	111A100W1
TMCX 29012	111A100W1
TMCX 29013	111A100W1
TMCX 29014	111A100W1
TMCX 29015	111A100W1
TMCX 29016	111A100W1
TMCX 29017	111A100W1
TMCX 29018	111A100W1
TMCX 29019	111A100W1
TMCX 29020	111A100W1
TMCX 29021	111A100W1
TMCX 29022	111A100W1
TMCX 29023	111A100W1
TMCX 29024	111A100W1
TMCX 29025	111A100W1
TMCX 34369	112A340W
TMLX 10001	111A100W1

HEAVY REPAIRS

HEAVY REPAIRS

CONTR #	CUSTOMER	TOTAL # OF CARS	NOT IN SERVICE	GRS/CAR	GRS/MONTH	GRS/YEAR	EXPIRATION DATE	SALES- PERSON
2080.01	WILSON FOODS CORPORATION	1		\$330.00	\$ 330.00	\$3,960.00	10/19/96	H.A.F.
2157.01	ARIZONA CHEMICAL	1		\$500.00	\$ 500.00	\$6,000.00	01/31/94	J.A.B.
2055.00	MIDWEST SOLVENTS COMPANY INC.	4		\$465.00	\$1,860.00	\$22,320.00	01/31/92	H.A.F.
2111.05	MONSANTO CHEMICAL COMPANY	4		\$565.00	\$2,260.00	\$27,120.00	01/31/92	R.C.M.
2101.06	MILE HIGH RAILCAR, INC.	1		\$390.00	\$ 390.00	\$4,680.00	12/31/91	J.A.B.
2121.03	BUCKMAN LABORATORIES, INC.	1		\$440.00	\$1,760.00	\$21,120.00	08/31/91	S.K.Y.
2042.01	MONSANTO CHEMICAL COMPANY	4		\$475.00	\$ 950.00	\$11,400.00	07/31/91	R.C.M.
2061.02	G.O. CHEMICALS, INC.	2		\$330.00	\$3,630.00	\$43,560.00	07/31/91	S.K.Y.
2061.03	G.O. CHEMICALS, INC.	1		\$465.00	\$ 465.00	\$5,580.00	07/31/91	S.K.Y.
2132.01	STANDARD CHLORINE	1		\$375.00	\$ 375.00	\$4,500.00	07/31/91	S.K.Y.
2132.02	STANDARD CHLORINE	1		\$359.36	\$ 359.36	\$4,312.32	06/30/91	S.K.Y.
2061.04	G.O. CHEMICALS, INC.	2		\$465.00	\$ 930.00	\$11,160.00	06/30/91	S.K.Y.
2132.03	STANDARD CHLORINE	4		\$375.00	\$1,500.00	\$18,000.00	06/30/91	S.K.Y.
2061.01	G.O. CHEMICALS, INC.	1		\$465.00	\$ 465.00	\$5,580.00	05/31/91	S.K.Y.
2109.02	G.A.F. CHEMICALS CORP.	1		\$375.00	\$ 375.00	\$4,500.00	04/30/91	S.K.Y.
2124.02	PHONE-POLE INC	1		\$375.00	\$ 375.00	\$4,500.00	04/30/91	S.K.Y.
2039.00	CAPE INDUSTRIES	1		\$425.00	\$ 425.00	\$5,100.00	01/31/91	R.C.M.
2142.01	THE ANDERSONS	2		\$295.00	\$ 590.00	\$7,080.00	12/31/90	R.C.M.
2111.02	MONSANTO COMPANY	1		\$375.00	\$ 375.00	\$4,500.00	11/30/90	R.C.M.
2155.01	ALPINE PLANT FOODS	2		\$300.00	\$ 600.00	\$7,200.00	10/31/90	J.A.B.
2066.03	EXXON CHEMICAL AMERICAS	10		\$525.00	\$5,250.00	\$63,000.00	09/30/90	R.C.M.
2071.04	HENKEL CORPORATION	4		\$360.00	\$1,440.00	\$17,280.00	09/22/90	R.C.M.
2087.05	USI CHEMICALS CO. INC.	7		\$310.00	\$2,170.00	\$26,040.00	08/28/90	H.A.F.
2052.01	UNOCAL CORP. / UNOCAL CHEMICALS DIV.	1		\$565.00	\$ 565.00	\$6,780.00	07/31/90	R.C.M.
2082.09	ROCKY MOUNTAIN TRANSPORTATION SERVICES	4		\$385.00	\$1,540.00	\$18,480.00	07/31/90	H.A.F.
2158.01	MESA OIL	3		\$325.00	\$ 975.00	\$11,700.00	07/31/90	J.A.B.
2110.01	WITCO CHEMICAL CORPORATION	10		\$400.00	\$4,000.00	\$48,000.00	06/01/90	R.C.M.
2153.01	ASHLAND OIL COMPANY	1		\$475.00	\$ 475.00	\$5,700.00	05/01/90	R.C.M.
2137.02	REICHLID CHEMICALS, INC	2		\$375.00	\$ 750.00	\$9,000.00	04/30/90	S.K.Y.
2149.02	SUNBELT INDUSTRIAL SERVICES	2		\$350.00	\$ 700.00	\$8,400.00	04/21/90	R.C.M.
2135.05	WILLARD GRAIN AND FEED CO.	1		\$300.00	\$ 300.00	\$3,600.00	04/05/90	S.K.Y.
2113.03	SANDOZ CROP PROTECTION	1		\$375.00	\$ 375.00	\$4,500.00	03/31/90	J.A.B.
2031.00	BUCKMAN LABORATORIES, INC.	8		\$430.00	\$3,440.00	\$41,280.00	02/28/90	H.A.F.
2032.00	CYRO INDUSTRIES	4		\$305.00	\$1,220.00	\$14,640.00	02/28/90	R.C.M.
2042.02	MONSANTO AGRICULTURAL COMPANY	1		\$406.26	\$ 406.26	\$4,875.12	02/28/90	R.C.M.
2044.00	NATIONAL STARCH & CHEMICAL CORP.	1		\$450.00	\$ 450.00	\$5,400.00	02/28/90	R.C.M.
2049.00	REICHLID CHEMICALS, INC	2		\$345.00	\$ 690.00	\$8,280.00	02/28/90	S.K.Y.
2052.00	UNOCAL CORP. / UNOCAL CHEMICALS DIV.	2		\$375.00	\$ 750.00	\$9,000.00	02/28/90	R.C.M.
2069.01	ASHLAND CHEMICAL COMPANY	1		\$435.00	\$ 435.00	\$5,220.00	02/28/90	R.C.M.
2069.02	ASHLAND CHEMICAL COMPANY	2		\$400.00	\$ 800.00	\$9,600.00	02/28/90	R.C.M.
2069.04	ASHLAND CHEMICAL COMPANY	1		\$400.00	\$ 400.00	\$4,800.00	02/28/90	R.C.M.
2071.02	A.E. STALEY MFG. COMPANY	1		\$300.00	\$ 300.00	\$3,600.00	02/28/90	R.C.M.
2071.03	A.E. STALEY MFG. COMPANY	1		\$300.00	\$ 300.00	\$3,600.00	02/28/90	R.C.M.
2084.06	NALCO CHEMICAL COMPANY	1		\$475.00	\$ 475.00	\$5,700.00	02/28/90	H.A.F.
2084.15	NALCO CHEMICAL COMPANY	1		\$350.00	\$ 350.00	\$4,200.00	02/28/90	H.A.F.
2111.03	MONSANTO CHEMICAL COMPANY	10		\$475.66	\$4,756.63	\$57,079.56	02/28/90	R.C.M.
2114.03	RAILROAD CAR MANAGEMENT	2		\$300.00	\$ 600.00	\$7,200.00	02/28/90	H.A.F.
2135.01	WILLARD GRAIN AND FEED CO.	7		\$276.44	\$1,935.08	\$23,220.96	02/28/90	S.K.Y.
2135.03	WILLARD GRAIN AND FEED CO.	3		\$285.00	\$ 855.00	\$10,260.00	02/28/90	S.K.Y.
2135.04	WILLARD GRAIN AND FEED CO.	4		\$285.00	\$1,140.00	\$13,680.00	02/28/90	S.K.Y.
2130.01	BASE CORPORATION - CHEMICAL DIV.	2		\$475.00	\$ 950.00	\$11,400.00	02/28/90	D.J.H.
2140.02	BASE CORPORATION - CHEMICAL DIV.	6		\$375.00	\$2,250.00	\$27,000.00	02/28/90	D.J.H.
2140.07	BASE CORPORATION - CHEMICAL DIV.	1		\$475.00	\$ 475.00	\$5,700.00	02/28/90	H.A.F.
2144.01	CEDAR RAPIDS MEAT, INC.	6		\$300.00	\$1,800.00	\$21,600.00	02/28/90	S.K.Y.
2148.01	EQUALIZER, INC.	9		\$285.76	\$2,571.83	\$30,861.96	02/28/90	S.K.Y.
2148.02	EQUALIZER, INC.	3		\$285.00	\$ 855.00	\$10,260.00	02/28/90	S.K.Y.
2148.03	EQUALIZER, INC.	1		\$285.00	\$ 285.00	\$3,420.00	02/28/90	S.K.Y.
2149.01	SUNBELT INDUSTRIAL SERVICES	2		\$350.00	\$ 700.00	\$8,400.00	02/28/90	R.C.M.

2154.01 PACIFIC MOLASSES COMPANY

59	9	1	\$350.00	\$2,800.00	\$33,600.00	02/28/90	J.A.B.
TOTALS	183	1	Avg \$379.36	\$69,044.16	\$ 828,529.92		
			Min \$275.00				
			Max \$565.00				

UPDATED: 01/17/90 NOTE: All calculations are based on cars in service !
→ Multiple rental rate marked by !

CONTRACT #	CUSTOMER	TOTAL # OF CARS SERV	NOT	GRS/CAR	GRS/MONTH	GRS/YEAR	EXP. DATE	LESS MOY	SUPPLIER	SALES- PERSON
2071.02	A.E. STALEY MFG. COMPANY	1		\$300.00	\$ 300.00	\$3,600.00	02/28/90	<	TEMCO LEASING	R.C.M.
2071.03	A.E. STALEY MFG. COMPANY	1		\$300.00	\$ 300.00	\$3,600.00	02/28/90	<	TEMCO LEASING	R.C.M.
2153.01	ALPINE PLANT FOODS	2		\$300.00	\$ 600.00	\$7,200.00	10/31/90	<	TEMCO	J.A.B.
2157.01	ARIZONA CHEMICAL	1		\$500.00	\$ 500.00	\$6,000.00	01/31/94	<	TEMCO LEASING	J.A.B.
2069.01	ASHLAND CHEMICAL COMPANY	1		\$435.00	\$ 435.00	\$5,220.00	02/28/90	<	TEMCO LEASING	R.C.M.
2069.02	ASHLAND CHEMICAL COMPANY	2		\$400.00	\$ 800.00	\$9,600.00	02/28/90	<	TEMCO	R.C.M.
2069.04	ASHLAND CHEMICAL COMPANY	1		\$400.00	\$ 400.00	\$4,800.00	02/28/90	<	TEMCO	R.C.M.
2153.01	ASHLAND OIL COMPANY	1		\$475.00	\$ 475.00	\$5,700.00	05/01/90	<	TEMCO	R.C.M.
2156.01	R.P. CHEMICALS, INC.	5		\$209.15	\$1,045.75	\$12,549.00	12/31/90	<	Borden	J.A.B.
2140.01	BASF CORPORATION - CHEMICAL DIV.	2		\$475.00	\$ 950.00	\$11,400.00	02/28/90	<	TEMCO LEASING	D.J.H.
2140.02	BASF CORPORATION - CHEMICAL DIV.	6		\$375.00	\$2,250.00	\$27,000.00	02/28/90	<	TEMCO LEASING	D.J.H.
2140.05	BASF CORPORATION - CHEMICAL DIV.	4		\$50.00	\$ 200.00	\$2,400.00	02/28/90	<	PAYMASTER	D.J.H.
2140.06	BASF CORPORATION - CHEMICAL DIV.	5		\$50.00	\$ 250.00	\$3,000.00	02/28/90	<	PAYMASTER	D.J.H.
2140.07	BASF CORPORATION - CHEMICAL DIV.	1		\$475.00	\$ 475.00	\$5,700.00	02/28/90	<	TEMCO LEASING	D.J.H.
2031.00	BUCKMAN LABORATORIES, INC.	8		\$430.00	\$3,440.00	\$41,280.00	02/28/90	<	TEMCO LEASING	S.K.Y.
2121.03	BUCKMAN LABORATORIES, INC.	4		\$440.00	\$1,760.00	\$21,120.00	08/31/91	<	TEMCO LEASING	S.K.Y.
2039.00	CAFE INDUSTRIES	1		\$425.00	\$ 425.00	\$5,100.00	01/31/91	<	TEMCO LEASING	H.A.F.
2149.01	CHARDONIL	6		\$300.00	\$1,800.00	\$21,600.00	02/28/90	<	TEMCO	R.C.M.
2151.01	CHARDONIL	2		\$85.00	\$ 170.00	\$2,040.00	03/17/90	<	G.E.	R.C.M.
2136.01	COMINCO AMERICAN	40		\$40.00	\$1,600.00	\$19,200.00	02/28/91	<	RAILCAR AMERICA	R.C.M.
2032.00	CYRO INDUSTRIES	4		\$305.00	\$1,220.00	\$14,640.00	02/28/90	<	TEMCO LEASING	H.A.F.
2149.01	EQUALIZER, INC.	9		\$285.76	\$2,571.83	\$30,861.96	02/28/90	<	TEMCO	S.K.Y.
2148.02	EQUALIZER, INC.	3		\$285.00	\$ 855.00	\$10,260.00	02/28/90	<	TEMCO	S.K.Y.
2148.03	EQUALIZER, INC.	1		\$285.00	\$ 285.00	\$3,420.00	02/28/90	<	TEMCO	S.K.Y.
2066.03	EXXON CHEMICAL AMERICAS	10		\$525.00	\$5,250.00	\$63,000.00	09/30/90	<	TEMCO LEASING	R.C.M.
2109.02	G.A.F. CHEMICALS CORP.	1		\$375.00	\$ 375.00	\$4,500.00	04/30/91	<	TEMCO LEASING	S.K.Y.
2071.04	HENKEL CORPORATION	4		\$360.00	\$1,440.00	\$17,280.00	09/22/90	<	TEMCO LEASING	R.C.M.
2139.01	HILL PETROLEUM	3		\$35.00	\$ 105.00	\$1,260.00	02/28/90	<	MALLARD TRANSPORTATION	R.C.M.
2147.01	INTERAIL	15		\$30.00	\$ 450.00	\$5,400.00	02/28/90	<	NRUC	H.A.F.
2134.03	LURRIZOL CORPORATION	10		\$15.00	\$ 150.00	\$1,800.00	02/18/91	<	RELCO	H.A.F.
2158.01	MESA OIL	3		\$325.00	\$ 975.00	\$11,700.00	07/31/90	<	TEMCO	J.A.B.
2055.00	MIDWEST SOLVENTS COMPANY INC.	4		\$445.00	\$1,860.00	\$22,320.00	01/31/92	<	TEMCO LEASING	H.A.F.
2101.06	MILE HIGH RAILCAR, INC.	1		\$350.00	\$ 350.00	\$4,800.00	12/31/91	<	TEMCO	J.A.B.
2042.02	MONSANTO AGRICULTURAL COMPANY	1		\$406.26	\$ 406.26	\$4,875.12	02/28/90	<	TEMCO LEASING	R.C.M.
2042.01	MONSANTO CHEMICAL COMPANY	2		\$475.00	\$ 950.00	\$11,400.00	07/31/91	<	TEMCO LEASING	R.C.M.
2111.03	MONSANTO CHEMICAL COMPANY	10		\$475.66	\$4,756.63	\$57,079.56	02/28/90	<	TEMCO LEASING	R.C.M.
2111.04	MONSANTO CHEMICAL COMPANY	26		\$80.00	\$1,380.00	\$15,600.00	02/28/90	<	AMCO OIL	R.C.M.
2111.05	MONSANTO CHEMICAL COMPANY	4		\$555.00	\$2,220.00	\$27,120.00	01/31/92	<	TEMCO	R.C.M.
2111.02	MONSANTO COMPANY	1		\$75.00	\$ 375.00	\$4,500.00	11/30/90	<	TEMCO LEASING	R.C.M.
2080.06	NALCO CHEMICAL COMPANY	1		\$475.00	\$ 475.00	\$5,700.00	02/28/90	<	TEMCO LEASING	H.A.F.
2080.15	NALCO CHEMICAL COMPANY	1		\$350.00	\$ 350.00	\$4,200.00	02/28/90	<	TEMCO LEASING	H.A.F.
2044.00	NATIONAL STARCH & CHEMICAL CORP.	1		\$450.00	\$ 450.00	\$5,400.00	02/28/90	<	TEMCO LEASING	R.C.M.
2154.01	PACIFIC MOLASSES COMPANY	9		\$330.00	\$2,880.00	\$33,600.00	02/28/90	<	TEMCO	J.A.B.
2006.00	Q.O. CHEMICALS, INC.	20		\$15.00	\$ 300.00	\$3,600.00	02/28/90	<	TEMCO	S.K.Y.
2007.00	Q.O. CHEMICALS, INC.	20		\$33.10	\$ 662.00	\$7,944.00	09/08/90	<	TEMCO CORPORATION	S.K.Y.
2061.01	Q.O. CHEMICALS, INC.	1		\$465.00	\$ 465.00	\$5,580.00	05/31/91	<	TEMCO LEASING	S.K.Y.
2061.02	Q.O. CHEMICALS, INC.	11		\$330.00	\$3,630.00	\$43,560.00	07/31/91	<	TEMCO LEASING	S.K.Y.
2061.03	Q.O. CHEMICALS, INC.	1		\$465.00	\$ 465.00	\$5,580.00	07/31/91	<	TEMCO LEASING	S.K.Y.
2061.04	Q.O. CHEMICALS, INC.	1		\$465.00	\$ 465.00	\$5,580.00	07/31/91	<	TEMCO LEASING	S.K.Y.
2114.03	RAILROAD CAR MANAGEMENT	2		\$300.00	\$ 600.00	\$7,200.00	06/30/91	<	TEMCO	S.K.Y.
2117.04	RAILWEST	9		\$40.00	\$ 360.00	\$4,320.00	02/28/90	<	U.S. RAILSERVICE	H.A.F.
2049.00	REICHOOLD CHEMICALS, INC	2		\$345.00	\$ 690.00	\$8,280.00	02/28/90	<	TEMCO LEASING	R.C.M.
2137.02	REICHOOLD CHEMICALS, INC	2		\$375.00	\$ 750.00	\$9,000.00	04/30/90	<	TEMCO	S.K.Y.
2124.02	RHODE-POULENC	1		\$375.00	\$ 375.00	\$4,500.00	04/30/91	<	TEMCO	S.K.Y.
2008.07	ROCKY MOUNTAIN TRANSPORTATION SERVICES	4		\$385.00	\$1,540.00	\$18,480.00	07/31/90	<	TEMCO LEASING	H.A.F.
2152.01	ROYAL MANUFACTURING, INC.	1		\$65.00	\$ 65.00	\$780.00	06/05/91	<	PAYMASTER	R.C.M.
2113.03	SANDOK CROP PROTECTION	1		\$375.00	\$ 375.00	\$4,500.00	03/31/90	<	TEMCO	J.A.B.
2118.05	SGL - TWO ENTERPRISES, INC.	8		\$30.00	\$ 240.00	\$2,880.00	02/28/90	<	G.E. RAILCAR SERVICES	S.K.Y.

COMID #	CUSTOMER	TOTAL # OF CARS	NOT SERV	GRS/CAR	GRS/MONTH	GRS/YEAR	EXP. DATE	Lease MoYr	SUPPLIER	SALES- PERSON
2118.06	SML-TWO ENTERPRISES, INC.	25		\$53.88	\$1,345.00	\$16,140.00	10/31/92		G.E. RAILCAR SERVICES	S.K.Y.
2118.07	SML-TWO ENTERPRISES, INC.	8		\$35.00	\$280.00	\$3,360.00	10/31/93		G.E.	S.K.Y.
2132.01	STANDARD CHLORINE	1		\$375.00	\$375.00	\$4,500.00	07/31/91		TEMCO LEASING	S.K.Y.
2132.02	STANDARD CHLORINE	1		\$359.36	\$359.36	\$4,312.32	07/31/91		TEMCO LEASING	S.K.Y.
2132.03	STANDARD CHLORINE	4		\$375.00	\$1,500.00	\$18,000.00	06/30/91		TEMCO LEASING	S.K.Y.
2149.01	SUNBELT INDUSTRIAL SERVICES	2		\$350.00	\$700.00	\$8,400.00	02/28/90		TEMCO	R.C.M.
2149.02	SUNBELT INDUSTRIAL SERVICES	2		\$350.00	\$700.00	\$8,400.00	04/21/90		TEMCO	R.C.M.
2149.03	SUNBELT INDUSTRIAL SERVICES	2		\$50.00	\$100.00	\$1,200.00	02/28/90		RELCO	R.C.M.
2150.01	TEX FAR ENERGY, INC.	10		\$50.00	\$500.00	\$6,000.00	02/28/90		AMOCO	R.C.M.
2150.02	TEX FAR ENERGY, INC.	40		\$50.00	\$2,000.00	\$24,000.00	03/15/90		AMOCO	R.C.M.
2142.01	THE ANDERSONS	2		\$295.00	\$590.00	\$7,080.00	12/31/90		TEMCO	R.C.M.
2142.04	THE ANDERSONS	1		\$60.00	\$60.00	\$720.00	02/28/90		G.E.	R.C.M.
2142.05	THE ANDERSONS	2		\$60.00	\$120.00	\$1,440.00	02/28/90		G.E.	R.C.M.
2002.00	U.S. GYPSUM INC.	2		\$50.00	\$100.00	\$1,200.00	02/28/90		UNION TANK CAR COMPANY	H.A.F.
601.03	UNOCAL	13		\$40.00	\$520.00	\$6,240.00	02/28/90		G.E. RAILCAR SERVICES	R.C.M.
601.04	UNOCAL	7		\$55.00	\$385.00	\$4,620.00	09/30/94		G.E. RAILCAR SERVICES	R.C.M.
2004.00	UNOCAL	10		\$15.00	\$150.00	\$1,800.00	02/01/92		TEMCO LEASING	R.C.M.
2095.01	UNOCAL	10		\$40.00	\$400.00	\$4,800.00	02/28/90		TEMCO LEASING	R.C.M.
2052.00	UNOCAL CORP. / UNOCAL CHEMICALS DIV.	2		\$375.00	\$750.00	\$9,000.00	07/31/90		TEMCO	R.C.M.
2052.01	UNOCAL CORP. / UNOCAL CHEMICALS DIV.	1		\$565.00	\$565.00	\$6,780.00	03/01/91		TRINITY INDUSTRIES LEASING COMPANY	R.C.M.
2062.03	UNOCAL CORP. / UNOCAL CHEMICALS DIV.	5		\$25.00	\$125.00	\$1,500.00	08/28/90		TEMCO LEASING	H.A.F.
2087.05	USI CHEMICALS CO. INC.	7		\$310.00	\$2,170.00	\$26,040.00	02/28/90		TEMCO LEASING	S.K.Y.
2135.01	WILLARD GRAIN AND FEED CO.	7		\$276.44	\$1,935.00	\$23,220.96	02/28/90		TEMCO LEASING	S.K.Y.
2135.03	WILLARD GRAIN AND FEED CO.	3		\$285.00	\$855.00	\$10,260.00	02/28/90		TEMCO LEASING	S.K.Y.
2135.04	WILLARD GRAIN AND FEED CO.	4		\$285.00	\$1,140.00	\$13,680.00	02/28/90		TEMCO LEASING	S.K.Y.
2135.05	WILLARD GRAIN AND FEED CO.	1		\$300.00	\$300.00	\$3,600.00	04/05/90		TEMCO	S.K.Y.
2080.01	WILSON FOODS CORPORATION	1		\$330.00	\$330.00	\$3,960.00	10/19/96		TEMCO LEASING	H.A.F.
2110.01	WICO CHEMICAL CORPORATION	10		\$400.00	\$4,000.00	\$48,000.00	06/01/90		TEMCO LEASING	R.C.M.
86	TOTALS	486	1	\$169.13	\$82,026.91	\$984,322.92	0	0	60	
27	Brokerage	303	0		\$12,982.75	\$155,793.00	0	0	18	
59	Leasing	183	1		\$69,044.16	\$828,529.92	0	0	42	

FDATED: 01/17/90
 OIE: All calculations are based on cars in service !

SCHEDULE III

DESCRIPTION OF TANK CARS NOT IN GOOD AND SERVICEABLE CONDITION

<u>CAR NO.</u>	<u>DOT CLASS</u>
TMCX 08221	111A100W1
TMCX 22933	111A100W1
TMCX 23181	111A100W1
TMCX 29010	111A100W1
TMCX 29016	111A100W1

EXHIBIT A-1

NEGOTIABLE PROMISSORY NOTE

\$1,800,000.00

Chicago, Illinois
January 31, 1990

FOR VALUE RECEIVED, TEMCO CORPORATION, an Illinois corporation (the "Company"), hereby promises to pay to the order of CONTINENTAL BANK N.A. at its office located at 231 South LaSalle Street, Chicago, Illinois in lawful money of the United States of America, the principal amount of ONE MILLION EIGHT HUNDRED THOUSAND AND NO/100 DOLLARS (\$1,800,000.00), and to pay simple interest on the unpaid principal amount hereof, in like money, from the date hereof at a rate equal to Eleven Percent (11%) per annum. Such principal and interest shall be payable in 59 equal consecutive monthly installments, of \$30,820 each on the first day of each month, commencing March 1, 1990 and a final installment on February 1, 1995 of the then unpaid principal balance of this Note plus all accrued unpaid interest. Each installment shall include a payment of principal, plus interest on the unpaid principal amount computed from the due date of the previous installment, provided that, in any event, the 60th such installment shall be in amount sufficient to pay in full all accrued interest on, and the entire unpaid principal amount of, this Note, and provided further, that in the event any partial prepayment of this Note is made pursuant to Subsection 2.3 or 2.4 of the Agreement referred to below, shall be applied to the installments of this Note in the inverse order of their maturities. Each installment of this Note, when paid, shall be first applied to the payment of interest on the unpaid principal amount of this Note, and the balance thereof to the payment of principal. All payments hereunder shall be made in immediately available funds. All such payments shall be made prior to 12:30 p.m. All such payments shall be made prior to 12:30 p.m., Chicago time. All payments received after 12:30 p.m., Chicago time. Payments made after 12:30 p.m. Chicago time, shall be deemed received on the next Business day.

If any installment of principal and interest on this Note becomes due and payable on a Saturday, Sunday or legal holiday under the laws of the State of Illinois, the maturity thereof shall be extended to the next succeeding business day.

This Note is the Note of the Company issued pursuant to and secured by a Loan and Security Agreement dated as of January 31, 1990, between the Company, and Continental Bank N.A. (herein, as

the same may from time to time be amended, supplemented or otherwise modified, called the "Agreement"), and is entitled to all of the benefits thereof. As provided in the Agreement, this Note is subject to prepayment, in whole or in part, subject to the Prepayment Fee described in EXHIBIT A-2 to the Agreement, which EXHIBIT thereto is incorporated herein by reference.

This Note is secured by the Collateral described in the Agreement. Reference is made to the Agreement for a description of the nature and extent of the security for this Note and the rights of the holder hereof with respect to such security.

This Note is also secured by a Guaranty of even date herewith executed by Bruce H. Borland, an individual, according to the terms thereof, the form of such Guaranty being including as Exhibits to the Agreement.

Upon the failure of the Company to promptly make payment of any sum due hereunder, or upon the occurrence of any one or more of the Events of Default specified in the Agreement, there shall be a default under this Note and the amounts then remaining unpaid on this Note may be declared to be immediately due and payable, together with reasonable attorneys fees and costs of collection, and the payee may pursue any and all other remedies hereunder or under the Agreement or allowed by law.

The Company hereby expressly waives demand for payment, notice of non-payment, presentment, notice of dishonor, protest, notice of protest, or any other notice.

This Note shall be binding upon the Company, jointly and severally, and upon the heirs, legal representatives, successors, and assigns of the Company.

No delay or omission of the holder to exercise any right or remedy under this Note or afforded by law shall be construed to be a waiver thereof.

This Note may be assignee, transferred, or pledged without consent of the Company.

This note and the legal validity and the performance of the terms thereof shall be governed by, enforced, and determined and constructed in accordance with the laws of the State of Illinois.

IN WITNESS WHEREOF, the Company has executed this Note as of the 31st day of January, 1990.

TEMCO CORPORATION

By: _____
Title: Chairman

EXHIBIT A-2

PREPAYMENT FEE FORMULATION

"Prepayment Fee" means the excess, if any, of (a) the present value on the Prepayment Date of the Scheduled Payments after the Prepayment Date less (b) the sum of the outstanding principal being prepaid and the interest accrued thereon to the Prepayment Date since the immediately preceding interest payment date and not due on or before the Prepayment Date. The present value shall be calculated by discounting to the Prepayment Date such Scheduled Payments at the Alternative Fixed Rate relating to the Weighted Average Maturity of Scheduled Principal Payments on the basis of a year consisting of 365 or 366 days, as applicable, for actual days elapsed.

"Alternative Fixed Rate" means the per annum Treasury Offered Rate.

"Prepayment Date" means the date on which a prepayment is to be made.

"Reference Dealers" means two U.S. Government Treasury Securities dealers in New York or Chicago of recognized standing selected by the Bank.

"Scheduled Payments" means the scheduled principal payments (or any portion thereof) under the Company's Note payable to Continental Bank N.A. dated January 31, 1990, which are being prepaid and the scheduled interest payments related thereto.

"Scheduled Principal Payments" means the scheduled principal payments (or any portion thereof) being prepaid.

"Treasury Offered Rate" for the Weighted Average Maturity means the per annum offered rate (as adjusted pursuant to the terms hereof) determined by the Bank by reference to the then most recently auctioned U.S. Government Treasury Securities which correspond in maturity to the Weighted Average Maturity, or as interpolated between or among the most recently auctioned U.S. Government Treasury Securities closest in maturities occurring before and after the Weighted Average Maturity, as published on page 5 of the Telerate Screen (or any successor to such page) as of 10:00 a.m., Chicago time, on the Prepayment Date (or a date as near as practicable thereto). If such rate cannot be determined by the Bank on such date by reference to the Telerate Screen, such rate shall be determined by the Bank on the basis of the arithmetic mean of the offered rates quoted by the Reference Dealers as of 10:00 a.m., Chicago time, on such date for U.S. Government Treasury Securities with maturities determined as aforesaid. If such rate cannot be determined

either by reference to the Telerate Screen or on the basis of the offered rates of the Reference Dealers, such rate shall be determined by the Bank in good faith from such sources as shall then be available for the purpose. Such rate shall be adjusted to provide for a yield equal to the yield on an instrument paying interest on the same dates as the interest payment dates (or as near as practicable thereto).

"Weighted Average Maturity" of a group of Scheduled Principal Payments means the period of time (expressed as a number of days) from the Prepayment Date which is equal to the quotient of:

(a) the sum of the products of:

- (i) the amount of each principal payment in such group, and
- (ii) the number of days between the Prepayment Date of such group and the scheduled date of each such principal payment,

divided by:

(b) the aggregate principal amount of such group.

EXHIBIT B

LIMITED GUARANTY

FOR VALUE RECEIVED and in consideration of any loan or other financial accommodation heretofore or hereafter at any time made or granted to TEMCO CORPORATION (hereinafter called the "Debtor") by CONTINENTAL BANK N.A. (hereinafter, together with its successors and assigns, called the "Bank"), the undersigned hereby unconditionally guarantees the full and prompt payment when due, whether by acceleration or otherwise, and at all times thereafter, of all obligations of the Debtor to the Bank arising under or in connection with that certain Line of Credit Agreement dated as of January 31, 1990, as amended, extended and renewed from time to time, between the Debtor and the Bank and all obligations of the Debtor to the Bank arising under or in connection with that certain Loan and Security Agreement dated as of January 31, 1990, as amended, extended and renewed from time to time, between the Debtor and the Bank howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, or now or hereafter existing, or due or to become due (all such obligations being hereinafter collectively called the "Liabilities"), and the undersigned further agrees to pay all expenses (including attorneys' fees and legal expenses) paid or incurred by the Bank in endeavoring to collect the Liabilities, or any part thereof, and in enforcing this guaranty. The right of recovery against the undersigned under this guaranty is, however, limited to the lesser of (a) ONE MILLION DOLLARS (\$1,000,000), plus (i) interest on such amount and (ii) all expenses of enforcing the Liabilities and this guaranty and (b) the Maximum Amount (as hereinafter defined) for the undersigned less the amounts, if any, collected from the undersigned pursuant to any other guaranty by the undersigned pursuant to any other guaranty by the undersigned. "Maximum Amount" means 95% of (a) the fair salable value of the property of the undersigned from time to time minus (b) the total liabilities of the Guarantor (including contingent liabilities, but excluding liabilities of the undersigned under this Guaranty) from time to time.

The undersigned agrees that, in the event of the dissolution or insolvency of the Debtor or the undersigned, or the inability of the Debtor or the undersigned to pay debts as they mature, or an assignment by the Debtor or the undersigned for the benefit of creditors, or the institution of any proceeding by or against the Debtor or the undersigned alleging that the Debtor or such undersigned is insolvent or unable to pay debts as they mature, and if such event shall occur at a time when any of the Liabilities may not then be due and payable, the undersigned will pay to the Bank forthwith the full amount which would be payable hereunder by the undersigned if all Liabilities were then due and payable.

The undersigned agrees that so long as any of the Liabilities shall remain unpaid he will not become a guarantor or surety of, or otherwise become or be responsible in any

manner with respect to, any undertaking of any person, including the Debtor, except as for this agreement.

To secure all obligations of the undersigned hereunder, the Bank shall have a lien upon and security interest in (and may, without demand or notice of any kind, at any time and from time to time when any amount shall be due and payable by the undersigned hereunder, appropriate and apply toward the payment of the amount, in such order of application as the Bank may elect) any and all balances, credits, deposits (general or special, time or demand, provisional or final), accounts or moneys of or in the name of the undersigned now or hereafter with the Bank and any and all property of every kind or description of or in the name of the undersigned now or hereafter, for any reason or purpose whatsoever, in the possession or control of, or in transit to, the Bank or any agent or bailee for the Bank.

This guaranty shall in all respects be a continuing, absolute and unconditional guaranty, and shall remain in full force and effect (notwithstanding, without limitation, the death or incompetency of the undersigned or that at any time or from time to time all Liabilities may have been paid in full), subject to discontinuance as to the undersigned only upon actual receipt by the Bank of written notice from the undersigned, or any person duly authorized and acting on behalf of the undersigned, of the discontinuance hereof as to the undersigned; provided, however, that no such notice of discontinuance shall affect or impair any of the agreements and obligations of the undersigned hereunder with respect to any and all Liabilities existing prior to the time of actual receipt of such notice by the Bank, any and all Liabilities created or acquired thereafter pursuant to any previous commitments made by the Bank, any and all extensions or renewals of any of the foregoing, any and all interest on any of the foregoing, and any and all expenses paid or incurred by the Bank in endeavoring to collect any of the foregoing and in enforcing this guaranty against the undersigned; and all of the agreements and obligations of the undersigned under this guaranty shall, notwithstanding any such notice of discontinuance, remain fully in effect until all such Liabilities (including any extensions or renewals of any thereof) and all such interest and expenses shall have been paid in full.

The undersigned further agrees that, if at any time all or any part of any payment theretofore applied by the Bank to any of the Liabilities is or must be rescinded or returned by the Bank for any reason whatsoever (including, without limitation, the insolvency, bankruptcy or reorganization of the Debtor), such Liabilities shall, for the purposes of this guaranty, to the extent that such payment is or must be rescinded or

returned, be deemed to have continued in existence, notwithstanding such application by the Bank, and this guaranty shall continue to be effective or be reinstated, as the case may be, as to such Liabilities, all as though such application by the Bank had not been made.

The Bank may, from time to time, whether before or after any discontinuance of this guaranty, at its sole discretion and without notice to the undersigned, take any or all of the following actions: (a) retain or obtain a security interest in any property to secure any of the Liabilities or any obligation hereunder, (b) retain or obtain the primary or secondary obligation of any obligor or obligors, in addition to the undersigned, with respect to any of the Liabilities, (c) extend or renew for one or more periods (whether or not longer than the original period), alter or exchange any of the Liabilities, or release or compromise any obligation of the undersigned hereunder or any obligation of any nature of any other obligor with respect to any of the Liabilities, (d) release its security interest in, or surrender, release or permit any substitution or exchange for, all or any part of any property securing any of the Liabilities or any obligation hereunder, or extend or renew for one or more periods (whether or not longer than the original period) or release, compromise, alter or exchange any obligations of any nature of any obligor with respect to any such property, and (e) resort to the undersigned for payment of any of the Liabilities, whether or not the Bank (i) shall have resorted to any property securing any of the Liabilities or any obligation hereunder or (ii) shall have proceeded against the undersigned or any other obligor primarily or secondarily obligated with respect to any of the Liabilities (all of the actions referred to in preceding clauses (i) and (ii) being hereby expressly waived by the undersigned).

Any amounts received by the Bank from whatsoever source on account of the Liabilities may be applied by it toward the payment of such of the Liabilities, and in such order of application, as the Bank may from time to time elect. Until such time as this guaranty shall have been discontinued as to the undersigned and the Bank shall have received payment of the full amount of all Liabilities and of all obligations of the undersigned hereunder, no payment made by or for the account of the undersigned pursuant to this guaranty shall entitle the undersigned by subrogation or otherwise to any payment by the Debtor or from or out of any property of the Debtor and the undersigned shall not exercise any right or remedy against the Debtor or any property of the Debtor by reason of any performance by the undersigned of this guaranty.

The undersigned hereby expressly waives: (a) notice of the acceptance by the Bank of this guaranty, (b) notice of the

existence or creation or non-payment of all or any of the Liabilities, (c) presentment, demand, notice of dishonor, protest, and all other notices whatsoever, and (d) all diligence in collection or protection of or realization upon the Liabilities or any part thereof, any obligation hereunder, or any security for, or guaranty of, any of the foregoing.

The Bank may, from time to time, whether before or after any discontinuance of this guaranty, without notice to the undersigned, assign or transfer any or all of the Liabilities or any interest therein; and, notwithstanding any such assignment or transfer or any subsequent assignment or transfer thereof, such Liabilities shall be and remain Liabilities for the purposes of this guaranty, and each and every immediate and successive assignee or transferee of any of the Liabilities or of any interest therein shall, to the extent of the interest of such assignee or transferee in the Liabilities, be entitled to the benefits of this guaranty to the same extent as if such assignee or transferee were the Bank; provided, however, that, unless the Bank shall otherwise consent in writing, the Bank shall have an unimpaired right, prior and superior to that of any such assignee or transferee, to enforce this guaranty, for the benefit of the Bank, as to those of the Liabilities which the Bank has not assigned or transferred.

The undersigned hereby warrants to the Bank that the undersigned now has, and will continue to have independent means of obtaining information concerning the affairs, financial condition and business of the Debtor. The Bank shall not have any duty or responsibility to provide the undersigned with any credit or other information concerning the affairs, financial condition or business of the Debtor which may come into the Bank's possession.

No delay on the part of the Bank in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by the Bank of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy; nor shall any modification or waiver of any of the provisions of this guaranty be binding upon the Bank except as expressly set forth in a writing duly signed and delivered on behalf of the Bank. No action of the Bank permitted hereunder shall in any way affect or impair the rights of the Bank and the obligations of the undersigned under this guaranty. For the purposes of this guaranty, Liabilities shall include all obligations of the Debtor to the Bank, notwithstanding any right or power of the Debtor or anyone else to assert any claim or defense as to the invalidity or unenforceability of any such obligation, and no such claim or defense shall affect or impair the obligations of the undersigned hereunder. The obligations of the undersigned under this guaranty shall be absolute and

unconditional irrespective of any circumstance whatsoever which might constitute a legal or equitable discharge or defense of the undersigned. The undersigned hereby acknowledges that there are no conditions to the effectiveness of this guaranty.

This guaranty shall be binding upon the undersigned, and upon the heirs, legal representatives, successors and assigns of the undersigned; and to the extent that the Debtor or the undersigned is either a partnership or a corporation, all references herein to the Debtor and to the undersigned, respectively, shall be deemed to include any successor or successors, whether immediate or remote, to such partnership or corporation.

This guaranty has been delivered at Chicago, Illinois, and shall be construed in accordance with and governed by the laws of the State of Illinois. Wherever possible, each provision of this guaranty shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this guaranty shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this guaranty.

SIGNED AND DELIVERED this _____ day of _____, 1990.

Bruce H. Borland

Address:

HINSHAW • CULBERTSON • MOELMANN • HOBAN & FULLER

222 North LaSalle Street • Suite 300 • Chicago, Illinois 60601.1081 • 312.704.3000

January 31, 1990

Fax 312.704.3001
Telex 880.248
Writer's Direct Dial No.

704-3075

File No.

154596

BELLEVILLE
521 WEST MAIN STREET
P.O. BOX 509
BELLEVILLE, ILLINOIS 62222
618.277.2400BLOOMINGTON
2205 EAST EMPIRE
BLOOMINGTON, ILLINOIS 61704
309.662.6997JOLIET
57 NORTH OTTAWA STREET
JOLIET, ILLINOIS 60431
815.726.5910LAKE FOREST
273 MARKET SQUARE
LAKE FOREST, ILLINOIS 60045
708.234.6001LISLE
4343 COMMERCE COURT
LISLE, ILLINOIS 60532
708.505.0010PEORIA
THOMAS & HINSHAW • CULBERTSON
456 FULTON STREET
PEORIA, ILLINOIS 61602
309.674.1025ROCKFORD
THOMAS & HINSHAW • CULBERTSON
220 EAST STATE STREET
ROCKFORD, ILLINOIS 61105
815.963.8488SPRINGFIELD
400 SOUTH NINTH STREET
SPRINGFIELD, ILLINOIS 62701
217.528.7375URBANA
102 EAST MAIN
URBANA, ILLINOIS 61801
217.367.0079WAUKEGAN
415 WEST WASHINGTON STREET
WAUKEGAN, ILLINOIS 60085
708.244.0551BOCA RATON
2424 NORTH FEDERAL HIGHWAY
BOCA RATON, FLORIDA 33431
407.394.7111MIAMI
200 SOUTH BISCAYNE BOULEVARD
MIAMI, FLORIDA 33131
305.358.7747MILWAUKEE
KLUWIN • DUNPHY •
HINSHAW • CULBERTSON
788 NORTH JEFFERSON STREET
MILWAUKEE, WISCONSIN 53202
414.276.6464ST. LOUIS
1010 MARKET STREET
ST. LOUIS, MISSOURI 63101
314.421.6168Continental Bank N.A.
231 South LaSalle Street
Chicago, Illinois 60697Re: Temco Corporation
\$1,800,000.00 Loan

Gentlemen:

We have been asked by Temco Corporation, an Illinois corporation, ("Temco"), to render the following opinion with respect to matters within our knowledge as general counsel for Temco, in connection with the above-captioned transaction.

In that regard, we have examined the following documents (hereinafter collectively referred to as the "Documents"), and have made such inquiry and examined such other documents as we feel appropriate for the rendering of this opinion.

1. Loan and Security Agreement dated as of January 31, 1990 by and between Temco Corporation and Continental Bank N.A. (the "Bank").
2. Negotiable Promissory Note in the face amount of \$1,800,000.00 dated 1990 made by Temco in favor of the Bank.
3. Certificate dated January 31, 1990 regarding the Articles of Incorporation of Temco and all Amendments thereto and the Board of Directors action approving the Agreement and the execution thereof.
4. Incumbency Certificate of the officers of Temco dated January 31, 1990.

5. Certificate of Temco dated January 31, 1990, certifying that Temco is vested with valid and legal title to, and is the lawful owner of, the Tank Cars, as defined in the Agreement, and that the Tank Cars have been leased as indicated in the Loan and Security Agreement.
6. Certificate of Temco dated January 31, 1990 certifying to the continuing validity of certain Leases, and stating that Temco is aware of no current defaults under said Leases.
7. Certificate of Temco dated January 31, 1990 certifying that the Schedule of all Leases required to be delivered to the Bank under the Loan and Security Agreement has been so delivered.
8. Certificate of Good Standing for Temco signed by the Secretary of State of Illinois, dated January 30, 1990.

Terms used herein which are defined in the Loan and Security Agreement shall have the respective meanings set forth in such Agreement, unless otherwise defined herein.

Based upon the foregoing, we are of the opinion that:

1. Temco is a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois. Temco is duly qualified as a foreign corporation and in good standing under the laws of each jurisdiction in which the conduct of its business or the ownership of its properties requires such qualification.
2. Temco has the corporate power and authority to own its properties and to transact the business in which it is presently engaged, and to execute, deliver and perform such of the Documents as it has executed and to take such action as may be necessary to complete the transactions contemplated by such Documents, and Temco has taken all necessary corporate action to authorize the execution, delivery and performance of the Documents.
3. The Documents have been duly authorized, executed and delivered by Temco, and constitute legal, valid and binding obligations of Temco as executed thereby, enforceable in accordance with their terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and/or similar laws affecting the enforcement of creditors' rights generally.

4. No consent of any other party (including the stockholders of Temco) and no consent, license, permit, approval or authorization of, exemption by, or registration or declaration with, any governmental authority, is required in connection with the execution, delivery, performance, validity or enforceability of the Documents.

5. The execution, delivery and performance by Temco of the Documents will not violate any provision of, or constitute a default under, any existing law or regulation to which Temco is subject, or any order, judgment, award or decree of any court, arbitrator or governmental authority applicable to Temco, or the Articles of Incorporation, the By-laws or any preferred stock provision of Temco, or any mortgage, indenture, contract or other agreement to which Temco is a party or which is binding upon Temco or any of its property or assets, and will not result in the creation or imposition of any lien (other than the lien and security interest created by the Documents) on any of the properties or assets of Temco pursuant to the provisions of any such mortgage, indenture, contract or other agreement.

6. To the best of our knowledge (having made due inquiry), other than the XTRA Corporation/XTRA, Inc. and Burlington Northern Railroad Company lawsuits, there are no actions, suits or proceedings (whether or not purportedly on behalf of Temco) pending or threatened against Temco or any of its properties or assets in any court or before any arbitrator or before any governmental body, which (i) relate to any of the Collateral or to any of the transactions contemplated by the Documents, or (ii) would, if adversely determined, materially impair the right or ability of Temco to carry on its business substantially as now conducted, or (iii) would, if adversely determined, have a material adverse effect on the operating results or on the condition, financial or other, of Temco.

The foregoing opinion is qualified to the extent that the enforceability of the Documents may be limited by bankruptcy or insolvency or other laws affecting creditors' rights generally. This opinion is given only with regard to the matters set forth herein, and no other opinions are intended or may be inferred herefrom.

We are furnishing this opinion directly to the Continental Bank N.A. solely for its use in evaluating the transactions contemplated by the Documents. This opinion is not to be used,

Continental Bank N.A.

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January 31, 1990

circulated or quoted or otherwise referred to by the Bank or any other party, except as provided herein, without our prior written consent. This opinion is based on facts as they exist on the date hereof, and no representations are made or opinions expressed as to facts which may exist in the future.

Very truly yours,

HINSHAW, CULBERTSON, MOELMANN, HOBAN & FULLER

By:

John W. Dubbs III
A Partner

JWD:GS

EXHIBIT D

Continental Bank N.A.
231 S. LaSalle Street
Chicago, Illinois 60697

_____, 1990

Dear Sirs:

We have acted as special counsel for you in connection with the execution and delivery of the Loan and Security Agreement (the "Agreement") dated as of _____, 1990 between Temco Corporation (the "Company") and Continental Bank N.A.

This opinion is furnished to you pursuant to paragraph (____) of Section ____ of the Agreement. Terms used herein which are defined in the Agreement shall have the respective meanings set forth in the Agreement, unless otherwise defined herein.

In connection with this opinion, we have examined executed counterparts of the Agreement and the leases, the executed Note delivered by you on the date hereof (the "Note"), and such other documents as we have deemed necessary or appropriate for the purposes thereof.

Based upon the foregoing, we are of the opinion that:

1. The Agreement has been duly filed and recorded with the Interstate Commerce Commission in accordance with Section 11303, Title 49, United States Code and no other agreement or document has been so filed or recorded as of the date hereof asserting a grant by the Company of an interest in or a Lien on the Tank Cars which has not been fully related, terminated and extinguished as of the date hereof other than the _____, 1990 Line of Credit Agreement and Security Agreement retaining thereto between the Company and you. Provided that the cars are utilized solely in the United States, no other filing, registration or recording or other action is necessary in order to perfect, protect and preserve, as security for the Notes and the other Obligations, the Lien on and security interest in the Tank Cars and the leases created by the Agreement.

2. The Agreement constitutes a legal, valid and perfected first Lien on and first priority security interest in each of the Tank Cars (and the proceeds thereof) and in each of the leases (and the Proceeds thereof) as security for the Note and the other Obligations.

Very truly yours,

EXHIBIT E

MATERIAL LITIGATION

1. XTRA Corporation and XTRA, Inc. v. Temco Corporation
(89 L 1311) Circuit Court for the 19th Judicial Circuit,
Lake County, Illinois
2. Burlington Northern Railroad Company v. Temco Corpora-
tion, et al (88 L 6036) Circuit Court of Cook County,
Illinois

EXHIBIT F

NON-EXECUTED LEASES

1. BASF
2. Chardonal
3. Sunbelt

BILL OF SALE

IN WITNESS WHEREOF, the SELLER has caused this Bill of Sale to be executed in its name by its Chairman of the Board this 31st day of January, 1990.

By: Bruce H. Borland
Chairman of the Board

On the 31st day of January, 1990 personally appeared before me Bruce H. Borland, who being by me duly sworn did say that he is the Chairman of the Board of Temco Leasing Company, and he acknowledged to me that he signed and delivered the foregoing instrument as such Chairman of the Board of said corporation, as his free and voluntary act and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

Notary Public

TMCX CAR NO. DOT CLASS

TMCX 01001	111A100W3
TMCX 01010	111A100W3
TMCX 01011	111A100W3
TMCX 01012	111A100W3
TMCX 01016	111A100W3
TMCX 01022	111A100W3
TMCX 01023	111A100W3
TMCX 01026	111A100W3
TMCX 01027	111A100W3
TMCX 01028	111A100W3
TMCX 01029	111A100W3
TMCX 08215	111A100W1
TMCX 08216	111A100W1
TMCX 08217	111A100W1
TMCX 08218	111A100W1
TMCX 08219	111A100W1
TMCX 08220	111A100W1
TMCX 08221	111A100W1
TMCX 08222	111A100W1
TMCX 08223	111A100W1
TMCX 08325	111A100W1
TMCX 08326	111A100W1
TMCX 08327	111A100W1
TMCX 17952	111A100W1
TMCX 22898	111A100W2
TMCX 22899	111A100W2
TMCX 22900	111A100W2
TMCX 22901	111A100W2
TMCX 22902	111A100W2
TMCX 22903	111A100W2
TMCX 22905	111A100W1
TMCX 22906	111A100W1
TMCX 22910	111A100W3
TMCX 22911	111A100W3
TMCX 22912	111A100W3
TMCX 22913	111A100W3
TMCX 22914	111A100W3
TMCX 22915	111A100W3
TMCX 22916	111A100W3
TMCX 22917	111A100W3
TMCX 22918	111A100W3

HEAVY REPAIRS

TEMCO CAR NO. DOT CLASS

TMCX 22919	111A100W3
TMCX 22920	111A100W3
TMCX 22921	111A100W3
TMCX 22924	111A100W1
TMCX 22925	111A100W1
TMCX 22927	111A100W1
TMCX 22928	111A100W1
TMCX 22929	111A100W1
TMCX 22930	111A100W1
TMCX 22931	111A100W1
TMCX 22932	111A100W1
TMCX 22933	111A100W1
TMCX 22934	111A100W1
TMCX 22935	111A100W1
TMCX 22947	111A100W1
TMCX 22948	111A100W1
TMCX 22949	111A100W1
TMCX 22950	111A100W1
TMCX 22951	111A100W1
TMCX 22952	111A100W1
TMCX 22953	111A100W1
TMCX 22954	111A100W1
TMCX 22957	111A100W1
TMCX 22958	111A100W1
TMCX 22959	111A100W1
TMCX 22960	111A100W1
TMCX 22961	111A100W1
TMCX 22962	111A100W1
TMCX 22963	111A100W1
TMCX 22964	111A100W1
TMCX 22965	111A100W1
TMCX 22967	111A100W1
TMCX 22968	111A100W1
TMCX 22969	111A100W1
TMCX 22970	111A100W1
TMCX 22971	111A100W1
TMCX 22972	111A100W1
TMCX 22973	111A100W1
TMCX 22975	111A100W1
TMCX 22976	111A100W1
TMCX 22980	111A100W1

HEAVY REPAIRS

TEMCO CAR NO. DOT CLASS

TMCX 22983	111A100W1
TMCX 22984	111A100W1
TMCX 22985	111A100W1
TMCX 22986	111A100W1
TMCX 22987	111A100W1
TMCX 22988	111A100W1
TMCX 22989	111A100W1
TMCX 22990	111A100W1
TMCX 22992	111A100W1
TMCX 22994	111A100W1
TMCX 22995	111A100W1
TMCX 23007	111A100W1
TMCX 23100	111A100W1
TMCX 23101	111A100W1
TMCX 23102	111A100W1
TMCX 23103	111A100W1
TMCX 23104	111A100W1
TMCX 23105	111A100W1
TMCX 23106	111A100W1
TMCX 23107	111A100W1
TMCX 23108	111A100W1
TMCX 23109	111A100W1
TMCX 23130	111A100W1
TMCX 23131	111A100W1
TMCX 23132	111A100W1
TMCX 23133	111A100W1
TMCX 23134	111A100W1
TMCX 23136	111A100W1
TMCX 23137	111A100W1
TMCX 23138	111A100W1
TMCX 23139	111A100W1
TMCX 23140	111A100W1
TMCX 23141	111A100W1
TMCX 23142	111A100W1
TMCX 23143	111A100W1
TMCX 23144	111A100W1
TMCX 23145	111A100W1
TMCX 23146	111A100W1
TMCX 23164	111A100W1
TMCX 23165	111A100W1
TMCX 23166	111A100W1
TMCX 23168	111A100W1

TEMCO CAR NO. DOT CLASS

TMCX 23169	111A100W1
TMCX 23170	111A100W1
TMCX 23171	111A100W1
TMCX 23173	111A100W1
TMCX 23174	111A100W1
TMCX 23176	111A100W1
TMCX 23177	111A100W1
TMCX 23178	111A100W1
TMCX 23179	111A100W1
TMCX 23180	111A100W1
TMCX 23181	111A100W1
TMCX 23182	111A100W1
TMCX 23183	111A100W1
TMCX 23184	111A100W1
TMCX 23185	111A100W1
TMCX 23186	111A100W1
TMCX 23188	111A100W1
TMCX 23189	111A100W1
TMCX 23190	111A100W1
TMCX 23191	111A100W1
TMCX 23200	111A100W1
TMCX 23201	111A100W1
TMCX 23203	111A100W1
TMCX 23204	111A100W1
TMCX 23207	111A100W1
TMCX 23208	111A100W1
TMCX 23209	111A100W1
TMCX 23211	111A100W1
TMCX 23212	111A100W1
TMCX 23214	111A100W1
TMCX 23215	111A100W1
TMCX 23217	111A100W1
TMCX 23218	111A100W1
TMCX 23219	111A100W1
TMCX 24028	111A100W1
TMCX 24253	111A100W1
TMCX 24321	111A100W1
TMCX 24322	111A100W1
TMCX 29000	111A100W1
TMCX 29002	111A100W1
TMCX 29003	111A100W1
TMCX 29004	111A100W1

HEAVY REPAIRS

TEMCO CAR NO.	DOT CLASS
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TMCX 29005	111A100W1
TMCX 29006	111A100W1
TMCX 29007	111A100W1
TMCX 29008	111A100W1
TMCX 29009	111A100W1
TMCX 29010	111A100W1
TMCX 29011	111A100W1
TMCX 29012	111A100W1
TMCX 29013	111A100W1
TMCX 29014	111A100W1
TMCX 29015	111A100W1
TMCX 29016	111A100W1
TMCX 29017	111A100W1
TMCX 29018	111A100W1
TMCX 29019	111A100W1
TMCX 29020	111A100W1
TMCX 29021	111A100W1
TMCX 29022	111A100W1
TMCX 29023	111A100W1
TMCX 29024	111A100W1
TMCX 29025	111A100W1
TMCX 34369	112A340W
TMLX 10001	111A100W1

HEAVY REPAIRS

HEAVY REPAIRS